JPRS 74600

19 November 1979

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 1954

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

50272-101

REPORT DOCUMENTATION PAGE	1. REPORT NO. JPRS 74600	2.	3. Recipient's Accession No.

4. Title and Subtitle
EAST EUROPE REPORT: ECONOMIC AND INDUSTRIAL AFFAIRS, No. 1954

5. Report Date 19 November 1979

6.

7. Author(s)

8. Performing Organization Rept. No.

9. Performing Organization Name and Address
Joint Publications Research Service
1000 North Glebe Road
Arlington, Virginia 22201

10. Project/Task/Work Unit No.

11. Contract(C) or Grant(G) No.
(C)
(G)

12. Sponsoring Organization Name and Address
As above

13. Type of Report & Period Covered

14.

15. Supplementary Notes

16. Abstract (Limit: 200 words)

This serial report contains information on economic theory, organization, planning and management; major agreements on and development of trade within CEMA and outside the Bloc; articles on all aspects of the materials, services, machine, electronics, and precision equipment industries; and concepts and attainments in agriculture, forestry, and the food industry.

17. Document Analysis a. Descriptors

x International Affairs
Albania
x Bulgaria
x Czechoslovakia
x German Democratic Republic
x Hungary
Poland
Romania
Yugoslavia

Economics
Technological
Agriculture

b. Identifiers/Open-Ended Terms

c. COSATI Field/Group 5C, 13I

18. Availability Statement
Unlimited Availability
Sold by NTIS
Springfield, Virginia 22161

19. Security Class (This Report) UNCLASSIFIED

20. Security Class (This Page) UNCLASSIFIED

21. No. of Pages 82

22. Price

(See ANSI-Z39.18)

OPTIONAL FORM 272 (4-77)
(Formerly NTIS-35)
Department of Commerce

JPRS 74600

19 November 1979

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 1954

CONTENTS

PAGE

INTERNATIONAL AFFAIRS

CEMA Countries Machinery Trade Detailed
(MUSZAKI ELET, 5 Oct 79)..... 1

Briefs
Discussion on CEMA Session 4
Trans-European Highway Conference 4
CSSR-Hungarian Waterworks Accord 4
Bulgarian TU Delegation's Departure 4

BULGARIA

Bulgaria's Energy Resources Examined
(Kr. Lakov; IKONOMICHESKA MISUL, No 5, 1979)..... 5

CZECHOSLOVAKIA

Adoption of Soviet Economic Innovations Urged
(Various sources, various dates)..... 15

Shchekino Method Described, by Vadim Zovner
Zlobin Method Urged, by Frantisek Dvorak
Shchekino Method in CSR, by Libuse Kupkova
SSR Workers Eager
Valuable Small Experiment, by Ludovit Havel
Produce More, Entitled to More, by J. Janiga,
J. Milanec

CONTENTS (Continued) Page

Briefs
Austrian Transportation Minister 31
CSSR-Vietnamese Cooperation Expansion 31
CSSR, Denmark Protocol 31
Bangladesh Deputy Premier 31
Forged Gulden Notes 31
CSSR, French Experts Meet in Paris 31
Communications Minister to Brazil 32
Ehrenberger in Great Britain 32
Trade Talks With Vietnamese, Malaysians 32

GERMAN DEMOCRATIC REPUBLIC

Greater Acquisition, Use of Technical Data Needed To Compete With West
(Heinz-Rudolf Zopf; WIRTSCHAFTSWISSENSCHAFT, Sep 79)..... 33

HUNGARY

Manpower Regrouping, Workers' Interest Discussed
(Jeno Andics; POLITIKAI FOISKOLA KOZIEMENYEI, No 2, 1979)..... 49

Government Support of Private Housing Construction Discussed
(Lajos Szilagyi Interview; NEPSZAVA, 4 Oct 79)..... 62

Approaches Towards Increased Agricultural Productivity Weighed
(Ervin Zsuffa; TARSADALMI SZEMLE, No 10, 1979)..... 66

CEMA COUNTRIES MACHINERY TRADE DETAILED

Budapest MUSZAKI ELET in Hungarian No 20, 5 Oct 79 p 6

[Text] Occasioned by the 30th anniversary, a few data were published by the secretariat of CEMA on the mutual machine and installation trade among member nations. We think this may also be of interest to our readers.

As is known, the volume of industrial production by CEMA member countries increased 11-fold between 1950 and 1977. During the same period, that of the capitalist countries increased only 3.4-fold.

Between 1950 and 1977, since the existence of CEMA, there has been a nearly 40-fold increase in machine and installation deliveries among the sister nations. During the current Five-Year Plan period, ir accordance with the long-range trade agreements, its value will exceed 90 billion rubles as opposed to 52 billion rubles between 1971 and 1975, and 27 billion rubles between 1966 and 1970.

The Proportion

We have to stress particularly that trade in the group of products discussed is expanding at a rate surpassing the total trade of goods although the latter is also characterized by high indices. In 1977, trade was 19.5-fold higher than in 1950.

The data below show the change in the ratio of machine industrial products in the mutual deliveries of the sister countries: 1950--20.5 percent, 1960--31.7 percent, 1970--39.7 percent and 1977--43.0 percent.

In the individual CEMA member countries, these data changed as follows (percentage):

	1950	1960	1970	1977
Bulgaria	0	14.8	33.7	50.1
Czechoslovakia	36.1	48.2	59.8	60.2
Poland	13.6	38.0	52.3	55.7
Hungary	32.0	46.8	45.2	47.1
GDR	35.6	57.6	59.8	63.2
Romania	4.7	16.1	28.3	36.1
Soviet Union	14.8	13.5	21.8	25.8

The rate of growth is particularly rapid in those countries which had a poorly developed heavy industry earlier.

In 1950 this group of products was practically nonexistent in the Bulgarian export. In contrast, in 1977 machine industrial products of 1.8 billion ruble value were delivered by Bulgaria to the CEMA member countries alone, amounting to exactly half of its export to these countries. During the same period, there was a several-fold increase in the machine and installation export of the other CEMA countries as well. The data reflect the industrial character of the economy of member countries and the equalization of their development.

In the mutual trade of CEMA countries as a whole, the ratio of machines and installations exceeds the comparable indices of many capitalist countries. (In 1976 this index was 29 percent in the Common Market countries.)

The organization of machine industrial trade of goods underwent considerable changes within the past years. There was an increase in the ratio of branches determining technical progress. The most rapid expansion occurred in the delivery of electronic calculators, numerical control machine tools, atomic power and chemical industrial equipment, and aerotechnical equipment.

In 1972 the Soviet Union commenced the delivery of numerical control machine tools to the other CEMA nations. The first consumer was the GDR followed by the other countries. Already in 1977 there were more than 100 of these machines in operation in Polish plants, for instance. Hungary, the GDR and Czechoslovakia imported special equipment for the production of these machines from the Soviet Union.

Between 1970 and 1977 the mutual export of electronic computer technological equipment expanded nearly 11-fold, aerotechnical export 2.4-fold and the export of chemical industrial equipment 3.2-fold.

Complete Installations

The delivery, assembly and putting into operation of complete installations has increased in volume every year (2.3-fold between 1970 and 1977). During the past 30 years the CEMA countries have built and have set into

operation 1,086 establishments with the help of the Soviet Union. Of these, 732 were industrial plants (as of 1 January 1978).

In accordance with agreements signed for the years between 1976 and 1980, the Soviet Union is currently participating in the construction of about 1,000 important metallurgical, crude oil-processing, petrochemical, chemical industrial, electrical power and construction industrial establishments in the sister countries. During the current Five-Year Plan, the Soviet Union in turn has imported more than 1,000 complete metallurgical, petrochemical, light and food industrial, transportation and communication installations from the other CEMA countries.

The committees of the communist and labor parties of socialist countries exert significant efforts to further concentrate the forces and tools of the sister countries, to increase the effectiveness of their relationship and thereby to contribute significantly to the implementation of socialist and communist building plans.

The cooperation among CEMA countries is steadily enriched by new forms. One of the new forms is the coordinated plan of the manifold integration provisions for the years 1976 to 1980.

The most important chapter of the coordinated plan contains the provisions for production specialization and cooperation involving the following goods: electronic computer technological, crude oil and gas industrial machines and installations, hoisting and transport equipment, the material-technical base for the container transport system, atomic power and chemical industrial installations. Implementation of the plan will considerably enhance the mutual delivery of goods and within this, the trade in machine and installations.

Specialized Products

The current phase of growing cooperation is also characterized by a more rapid rate of expansion in the delivery of specialized machine industrial products than the mutual trade in machine industrial products as a whole. Between 1971 and 1977 the product export within CEMA countries has increased 4.9-fold (its value was 6.5 billion rubles) while the total increase in the same group of products was 2.8-fold.

2473
CSO: 2500

BRIEFS

DISCUSSION ON CEMA SESSION--The Council for International Economic and Scientific-Technical Cooperation met in Prague on 3 October. The session, chaired by CSSR Deputy Premier R. Rohlicek, discussed the preparation of the 92nd session of the CEMA Executive Committee and scientific-technical cooperation with the socialist countries in the sphere of nuclear energy and health technology. It considered questions of international economic relations. [AU141645 Prague RUDE PRAVO in Czech 4 Oct 79 p 2 AU]

TRANS-EUROPEAN HIGHWAY CONFERENCE--The working group for the technical coordination of the trans-European north-south highway project began its deliberations in Brno on 9 October. The session is attended by experts from Bulgaria, Hungary, Poland, Romania, Yugoslavia, Italy, Austria, Greece, Turkey and the CSSR. The conference is taking place within the framework of the UN development program. [AU171505 Prague RUDE PRAVO in Czech 10 Oct 79 p 2 AU]

CSSR-HUNGARIAN WATERWORKS ACCORD--In Bratislava on Thursday [11 October], Vladimir Margetin, minister of forestry and water management of the Slovak Socialist Republic, and Istvan Gerghely, chairman of the Hungarian People's Republic's National Water Conservation Bureau, signed in the name of the CSSR and the Hungarian governments a CSSR-Hungarian agreement on the joint status [spolecny statut] of the governments' plenipotentiaries, which regulates their activity in the construction and operation of the Gabcikovo-Nagymards waterworks system. [Text] [AU171506 Prague RUDE PRAVO in Czech 12 Oct 79 p 2 AU]

BULGARIAN TU DELEGATION'S DEPARTURE--An official delegation of the Bulgarian Central Trade Union Council led by Misho Mishev, BCP Central Committee secretary and chairman of the Bulgarian Central Trade Union Council, ended its visit in the CSSR on 11 October. The delegation left Prague Ryzyne airport for Geneva where it will take part in the Third European Trade Union Conference. [AU171506 Prague RUDE PRAVO in Czech 12 Oct 79 p 2 AU]

CSO: 2400

BULGARIA'S ENERGY RESOURCES EXAMINED

Sofia IKONOMICHESKA MISUL in Bulgarian No 5, 1979 pp 108-113

[Article by Kr. Lakov: "The Power Industry Complex of the Bulgarian People's Republic"]

[Text] Today every country is investing great efforts for the successful solution of the power problem. This is due to several basic reasons. First, the power industry complex determines the development of the overall national economy and the enhancement of the cultural and living standards of the population. As the bearer of scientific and technical progress, this sector is having great influence on the fast increase in labor productivy and public production effectiveness. Second, currently the power problem is becoming aggravated, for the increased production and consumption of electric power leads to a reduction and exhaustion of extracted power carriers. This requires the search for new solution for upgrading the production of electric power. Third, an interrelationship exists between power industry and environment. The commissioning of major power production capacities aggravates ecological problems in a number of cases. In this connection more funds must be spent to limit and prevent environmental pollution and promote the restoration of the environment.

In the course of the building of socialism the power industry complex in our country achieved tremendous successes: installed capacities and the production and consumption of electric power rose severalfold. The further development of this sector is related to increasing domestic production of power carriers (essentially lignite coal), their rational utilization, and the building of big nuclear, thermal, and hydroelectric power plants.

The aggravation of the power problem has led to increased expenditures for the development of new deposits, for increasing production, and for the more economical utilization of the coal. In 1977 such funds accounted to 22 percent of the cost of overall power requirements of the country.

Bulgaria's territory has been studied relatively thoroughly and the coal reserves at our disposal have been established quite accurately.

A number of new deposits exist which could lead in the future to an increase in coal reserves and extraction. Most promising in this respect is the Dobrudzha deposit (the biggest in the Balkans), located west of Balchik and Kavarna. The coal seams in this deposit are up to 12 meters thick. Some of the coal (over 40 percent) is cokable. Currently the exploitation of this deposit is impossible because of the exceptionally adverse hydrogeological conditions and the great depth (over 1,400 meters).

Table 1.

Coal Type	Share in Percent	Reserves (tons conventional Fuel) Existing Reserves	Possible Reserves
Lignite, million tons	84.0	4100	673
Soft coal, " "	13.0	320	100
Hard coal, " "	1.5	18	17
Anthracite, " "	0.5	12	12
Total	100.0	4460	801

With the development of the promising deposits coal extraction could be stabilized at a relatively high level without substantial changes through 1990-1995. Lignite reserves in the Maritsa-Iztok Basin are considerable, for which reason, within the near future, their extraction may be increased considerably. Great successes have been achieved in our country in the utilization of such coal for the production of electric power. Despite their exceptionally low caloric value, high ash content and humidity, new one-of-a-kind technologies are being applied in their burning.[2] This makes it possible to use lignite coal of an ever lower caloric value for the production of electric power. For example, the coal used at the latest Maritsa-Iztok 3 TETs has an average ash content of 16-17 percent and a humidity of over 57 percent, i.e., coal of a quality never used anywhere else in the world. The data show that from 25 million tons in 1965 coal production reached nearly 28 million tons in 1975. In 1970 29 million 250,000 tons of coal were extracted.[3] According to forecasts, after 1980 their extraction will be about 35 million tons. The highest in this output will be the share of lignite as the result of substantial lignite deposits. In 1976 lignite extraction reached 19 million 333,000 tons, or about 76 percent of total coal extraction. In the future this extraction will be rising steadily as the result of the absorption of deposits of brown and hard coal. It is expected that by 1990 the extraction of lignite will account for 90 percent of overall coal production.

The earliest extraction in Bulgaria was that of brown coal. Its deposits[4] have been thoroughly studied and are gradually nearing total exhaustion. Existing deposits of hard and anthracite coal are without industrial significance.

In the future the effectiveness of the extraction of local lignite coal will increase as the result of a reduction in production expenditures.

A reduction of the quantities of Maritsa-Iztok and Donets coal in terms of conventional fuel shows that the cost of one ton of lignite is nearly one-half the cost of imported coal. Consequently, it is more profitable to accelerate the domestic production of lignite rather than increase imports of high caloric coal.

In the next five-year plan greater attention will be paid in the area of coal mining to improving the utilization of available equipment. This particularly applies to the open pit mines where expensive and highly productive equipment have been concentrated.

In both the past and the future domestic petroleum and natural gas extraction has satisfied and will satisfy only an insignificant percentage of the country's needs, even though we are hoping to discover new deposits (mainly on the continental shelf of the Black Sea).

A number of studies of the hydraulic power potential of the country have been made. It is considered that it has been determined quite accurately. The various studies show different data but the disparity among them is small.[5] It has been determined that by 1977 36-40 percent of the economically effective hydraulic energy potential of the country had been utilized. It is planned that by 1990 60 percent of this potential will have been mastered. Until 1977 most of the easily accessible hydroelectric power sources had already become developed. By virtue of inaccessibility and complex conditions, the remainder would require huge capital investments and perfect engineering designs. Even though it is not contemplated that in the future the share of hydraulic power resources in meeting the energy requirements of the country (3 percent in 1977) will increase, the necessary attention is being paid to the building of new hydraulic power plants both in order to increase the production of electric power and to cover the peak loads of the power system.

The scale at which our power industry has been developing over the past 20 years (the energy consumed by the national economy in 1977 exceeded 40 million tons of conventional fuel), called for a rapid increase in imports of energy resources. Imports of raw materials became a decisive factor in the development of our economy. This applies mostly to the energy complex. For example, whereas in 1965 the share of imported raw materials in the produced electric power equaled five percent, it exceeded 50 percent in 1975. It is expected that it will reach up to 70 percent in 1990.[6]

A characteristic feature of the integration among CEMA-member countries in the field of power industry is the joint development of capacities. The USSR produces most of the common power raw materials of CEMA. In 1975, for example, it produced 96.5 percent of the petroleum, 86.1 percent of the natural gas, and 70 percent of the coal. Nearly all members of the socialist

comity are importing ever growing amounts of petroleum and gas from the USSR. This triggers a number of economic problems, the main among which is the need to invest more funds to increase their production. This calls for combining the financial and manpower resources of CEMA-member countries for the development of new petroleum and gas deposits on USSR territory.

Bulgaria actively participates in the building of joint projects on Soviet territory for the extraction of industrial raw materials. For the 1976-1980 period we shall grant the USSR over 650 million rubles of credit for specific purposes. This will ensure the meeting of a large percentage of our raw material requirements.

The basic imported energy raw materials needed by the Bulgarian economy are petroleum, natural gas, fuel for nuclear power plants, and, partially, coal, as well as direct imports of secondary power. The ratio between local and imported resources used in the production of electric power shapes the production structure of the power complex and, more especially, of the electric power industry subsector.

Bulgaria began to import high-caloric coal from the USSR during the fourth five-year plan as the result of the commissioning of several big thermoelectric power plants. Between 1964 and 1975 their share rose steadily in meeting the needs of metallurgy and the power industry. During that period progressive changes took place in the energy complex: the share of liquid fuels rose most rapidly in the produced energy. This prevented imports of coal to grow at a far higher pace. The course taken by the party and the state for the fuller utilization of local solid fuels and the development of new deposits led, after 1970, to a drop in the growth rates of coal imports. In 1970, for example, the country imported 4.9 million tons of conventional fuel. It imported 6.1 million tons in 1976 and 6.3 million tons in 1977. No substantial changes are expected to take place in the future in importing coal for the power industry complex. In the eighth five-year plan such imports will amount to 7-7.5 million tons annually.

The structure of the fuel-energy balance of the country steadily improved after 1955. The share of imported fuels in the production of energy rose at the fastest pace. During the sixth and seventh five-year plans 97-98 percent of the country's needs for petroleum and natural gas were covered through imports. In the next few years the consumption of petroleum and its derivants, used in the production of electric power, will be increasing at a far slower pace. The share of liquid power carriers in the production of electric power amounted to 11.5 percent in 1970; it was slightly over 13 percent in 1975 and will reach 14-15 percent in 1980.

Let us trace the structure of the consumed imported petroleum and natural gas. Most of the petroleum is used by industry and, more precisely, the chemical industry. This is logical, bearing in mind that hundreds of products are made using petroleum as a basic raw material. The consumption of petroleum and its derivants in the production of electric power will be

limited in the future, even though it is effective. In 1970, out of a total consumption of 8.2 million tons (conventional fuel) of crude oil, 7.8 million tons of which imported, 10 percent was used for the production of electric power; 34 percent for thermoelectric power; 34 percent for transportation fuel, for technological requirements, etc.; 16 percent as chemical industry raw materials; and 6 percent for the communal-consumer sector. In 1977 a total of 11.7 million tons of petroleum were imported. Petroleum consumption in the chemical industry doubled; it rose insignificantly in electric power production; in the production of thermal energy it rose by 30 percent. As fuel it maintained its previous share and showed an insignificant growth in its use by the communal-consumer sector. We must continue to improve the structure of petroleum consumption. Its share as fuel must be reduced and as raw material, increased.

Table 2
(in percent)

Indicator	Periods	1965-1960	1970-1965	1975-1970
National income		138	152	145.7
Overall Industrial Output		174	168	155
Energy Production		200	186	115
Electric Power Production		200	180	120

Until 1975 the consumption of natural gas in our industry was insignificant. During the sixth and seventh five-year plans, with the gradual commissioning of various sections of the gas main from the USSR to Bulgaria, the quantity of imported and, correspondingly, used natural gas rose rapidly: from about three billion cubic meters in 1976, it will reach 4.5 billion cubic meters in 1979 and about 7-8 billion cubic meters toward the end of the 1980's.

A characteristic feature in the development of the Bulgarian economy over the past decade has been the steady increase of electric power production and consumption, on the one hand, and of the overall need for such power, on the other. This has been an inherent feature in the world's economy as well. The further growth of the energy produced in our country is an important prerequisite for the dynamic and effective development of the Bulgarian economy and scientific and technical progress. Our country has always ascribed great importance to the accelerated development of the power industry complex, for it plays an important role in the development of the national economy and the enhancement of the living standard of the people. A study of the growth indices of the country's national income, overall industrial output, energy production and, particularly, electric power production, would reveal interesting patterns[8] (Table 2).

In our country, until 1970 power production rose at a faster pace than the national income and the overall industrial output. This is due to the dynamic quantitative and qualitative changes which occurred in the structure

of the national economy and to the steadily growing need for energy. In the period between 1970 and 1975 energy production rose at a considerably slower pace compared with the national income and the overall industrial output. This was due, first of all, to the improved structure of the energy balance and the reduction of material expenditures for the production of electric power, thermal power, etc., related to the use of scientific and technical progress in industry and, secondly, the improved intrasectorial structure of industry. Even though the share of power-intensive sectors such as chemistry, metallurgy, production of construction materials, etc., accounted for a high share of the industrial output, the leading role in industry during that period was played by machine building. This development trend will be retained in the future as well, bearing in mind the limited power resources at the disposal of our country and the drop in the development pace of some energy intensive production facilities.

The dynamic development of electric power production in our country is linked with progressive structural changes of a national economic nature. The share of industry in the overall social product rose from 58 percent in 1960 to 66 percent in 1975. Within the same period output rose as follows: ferrous metallurgy, tenfold; chemical and rubber industry, a factor of 7.81; glassware and porcelain industry--a factor of 5.6; cellulose-paper industry--a factor of 4.53; construction materials, by a factor of 4.31, etc.[9] These sectors account for the highest percentage of the consumed electric power and its increased output is a prerequisite for their tempestuous development.

In 1975 local solid fuels accounted for 36 percent of the electric power generated in the country, or 9 billion 86 million kilowatt hours.[10] In the future the production of electric power generated through the development of new deposits of low calorie lignites in southern Bulgaria will increase rapidly.

The big thermoelectric power plants in northern Bulgaria--in Ruse, Varna, and elsewhere--will continue to produce electric power on the basis of coal imported from the USSR. However, the amount of this energy will not change in the future five-year plans. In 1976 a total of 5 billion 47 million 200,000 kilowatt hours of electric power were generated with the use of imported solid fuels, or 20 percent of the country's overall generated power. In 1975 the thermoelectric power plants produced a total of 14 billion 131 million 800,000 kilowatt hours of electric power, or 56 percent of the overall generated amount.

The effectiveness of the production of electric power from local fuels is rising. Whereas in 1960 540 grams of conventional fuel were needed for the generation of 1 kilowatt hour, the figure declined to 401 grams in 1975 and to 393 grams in 1977. At the beginning of 1978, with the use of new technology, the latest thermoelectric power plant, Maritsa-Iztok 3, used 400 grams of conventional fuel per kilowatt hour of electric power. Fuel outlays per kilowatt hour will continue to decline in subsequent five-year plans. In accordance with our conditions, in 1980 380 grams of conventional fuel will be used to generate 1 kilowatt hour of electric power.

The next highest share of sources for the production of electric power in the country is that of petroleum and natural gas. The share of these power carriers in the electric power produced in 1975 equaled 14 percent or 3 billion 533 million kilowatt hours. In the future five-year plans the use of petroleum in the production of electric power will be restricted. The higher petroleum and natural gas imports will go mainly to the chemical industry. In the next few years a greater amount of natural gas will be used for the generation of electric power. Some power plants were reorganized to operate on this basis.

In 1976 the hydraulic power plants accounted for 10.2 percent of the entire electric power generated in Bulgaria, or 2 billion 956 million kilowatt hours. In 1985 their output will total 4.5 billion kilowatt hours of energy. The overall capacity of hydraulic power plants will reach 3,000 megawatts in 1990 compared with 1,888 megawatts in 1976. This is due, above all, to the future development of the hydraulic power resources of the Danube River.

The November 1969 BCP Central Committee Plenum stipulated that the building of nuclear power plants will be the main direction to be followed in the development of the power industry complex. According to some projections, by the end of 1990 they should account for 45 percent of the overall electric power produced by the country. In our view, this not only is not expedient but exceeds the possibilities of our country. By 1990 Bulgaria would be able to increase its generation of electric power mainly through the utilization of local solid fuels and imported liquid power carriers and the building of new nuclear power plants. This is based on the plans drafted by the Ministry of Power Supply, according to which the production of electric power by 1990 should total 70-75 billion kilowatt hours; nuclear power plants will account for 25 billion kilowatt hours or 30-33 percent of the overall capacity generated by the country. We believe that toward the year 2000 our nuclear power industry could account for 45-50 percent of the planned amount of generated electric power.

The consumption of electric power in our country is one of the most clear indicators of the dynamic economic growth. Starting with the 1960's and to the mid-1970's, it rose by a 6.3 factor and is continuing to grow at a high pace. At the same time, progressive changes took place in the structure of electric power consumption. Industry is the highest consumer in the national economy. In 1976 it accounted for 18 billion 949 million kilowatt hours of electric power,[11] or 84 percent of the overall consumption in the material area--22 billion 345 million kilowatt hours, compared with 746 million kilowatt hours in transportation and communications, or 3 percent; 999 million kilowatt hours, or 4 percent, in agriculture; and 459 million, or 2 percent, in construction. This consumption trend will be retained through 1990. The share of industry will amount to 79 percent, while that of agriculture will rise to 5.6 percent, i.e., it will increase in connection with its organization on an industrial basis.

Construction faces a number of complex and responsible tasks, as the result of which in the course of the eighth and ninth five-year plans highly

productive equipment will be installed and the organization of labor and production will be improved in order to ensure the prompt and qualitative solution of the problems. This is related to increasing the consumption of electric power and, by the end of 1990, its share in this sector will reach 3 percent.

The use of electric power for meeting the cultural-household and communal requirements of the population will rise as well. Between 1961 and 1975 such consumption rose by a factor of 8.8; in 1976 it amounted to 5 billion 192 million kilowatt hours or a per capita consumption of 593 kilowatt hours; it is expected to reach 7-8 billion kilowatt hours in 1988.

The study of the consumption of electric power in industry, presently and in the future, deserves the attention of economic managers. Changes in the structure of industrial output affect both the production and the consumption of electric power in the national economy. At the same time, the level of development of the energy complex determines the pace of increase of the national income and the overall social product.

In the course of the building of socialism the greatest significance was ascribed to the development of heavy industry sectors such as metallurgy, machine building, and chemistry, which account for the highest share of the consumed electric power. In 1976 the chemical and rubber industries consumed 3 billion 297 million 500,000 kilowatt hours,[12] or 20.8 percent of the electric power used by industry. In 10 years (1965-1974) the share of consumed electric power in the chemical industry remained unchanged. In 1965 it accounted for 21.2 percent. In the 1960-1975 period the overall output of the chemical industry rose by a factor of almost 9.93 while that of consumed electric power nearly tripled, increasing from 1 billion 178 million to 3 billion 297 million kilowatt hours.

In the seventh and eighth five-year plans, in our view, no changes are expected in the share of the electric power consumed by the chemical industry. In 1985 electric power consumption in the sector will amount to about 6.5 billion kilowatt hours and its share will remain unchanged--21-22 percent.

Metallurgy is another heavy consumer of electric power. In 1976 a total of 1 billion 759 million 600,000 kilowatt hours, or 11.1 percent of the overall amount of electric power used in industry, were consumed by ferrous metallurgy. In the 1960-1970 period the development pace of metallurgy was higher than that of industry as a whole; the pace of development of ferrous metallurgy remained higher until 1975. This rose the share of the electric power consumed by the industry. On the basis of the stable trend toward reducing power-intensiveness per 100 leva overall industrial output from 377 kilowatt hours in 1970 to 270 kilowatt hours in 1976, and the forecast of the reduction of the overall growth rates in metallurgical production in the eighth five-year plan, compared with the fifth and sixth five-year plans, the conclusion is that by 1985-1990 this sector will consume over 10-11 percent of the overall amount of electric power allocated to industry.

As a consumer of electric power machine building yields to chemistry and metallurgy. Despite this, with the increase in the volume of machine building output, the consumption of electric power goes as well. For example, in this sector electric power consumption rose from 200 million kilowatt hours in 1965 to 1 billion 284 million kilowatt hours in 1976. In 1990 the share of machine building in electric power consumed by industry will be about 8-8.5 percent, or 2.5 billion kilowatt hours.

The electric power industry accounts for the higher, the overwhelming share of the power industry complex. For this reason, the study of the structure of the electric power generated and consumed is of major importance to the development of the power economy. Improvements in the structure of the electric power consumed even by a single economic sector favorably affects the national economy. That is why the development of an optimum structure in the consumption of electric power, along with a reduction of the power intensiveness of the output, is a primary economic problem in whose solution we are lagging the developed socialist and capitalist countries. By 1990 the power intensiveness of our industrial output must be on the level of the developed countries, while the structure of the generation and consumption of electric power should be optimal. Furthermore, in the future the power industry complex must develop at a high pace. All this will determine the further dynamic and effective development of our country's economy.

FOOTNOTES

1. "Problemi na Energetikata u Nas" [Problems of Bulgarian Power Industry] Nauka i Izkustvo, Sofia, 1975, p 2; Y. Yovelev, "Polezin Izkopaemi" [Minerals], Sofia, 1960; Ministry of Power Supply Project.

2. The new technology used at the Maritsa-Iztok 3 TETs makes it possible to burn the coal without preliminary drying.

3. All coal extraction data borrowed from the 1977 Statistical Yearbook of the Bulgarian People's Republic.

4. It has been estimated that the Bobov Dol Basin will supply with coal the local TETs for about 35 years.

5. For example, according to D. Velev, N. Nikolova et al., (Use of Hydraulic Resources for Hydraulic Energy Requirements," "Problemi na Energetikata u Na" [Problems of Our Power Industry], Nauka i Izkustvo, Sofia, 1977), the hydraulic power potential is 2880×10^6; K. Valesyan believes that it $25{,}000 \times 10^6$ kilowatt hours (Geografiya Gidroenergoresursov i Gidroenergetiki" [Geography of Hydraulic Power Resources and Hydraulic Power Industry], Yerevan, 1955); according to Al. Rumyantsev, it amounts to $26{,}410 \times 10^6$ kilowatt hours ("Kompleksnoye Izpol'zovaniye Vodnykh Resursov Pridunayskikh Stran" [Comprehensive Utilization of the Water Resources of Countries Along the Danube River], Moscow, 1975.

6. Based on Ministry of Power Supply data.

7. NOVO VREME, No 6, 1977, p 32.

8. Based on data of the Statistical Yearbook of the Bulgarian People's Republic 1977.

9. Statistical Yearbook of the Bulgarian People's Republic, 1977.

10. These and all following data for electric power generation are based on the Ministry of Power Supply project.

11. Including for internal requirements for electric power plants based on the Statistical Yearbook of the Bulgarian People's Republic, 1977.

12. Statistical Yearbook of the Bulgarian People's Republic, 1977.

5003
CSO: 2200

ADOPTION OF SOVIET ECONOMIC INNOVATIONS URGED

Shchekino Method Described

Banska Bystrica SMER in Slovak 7 Sep 79 pp 3-4

[Article by Vadim Zovner, APN [expansion unknown], translated from the Russian by -ac-: "New Method in Production." For additional information on this and following topics see FBIS Eastern Europe DAILY REPORT, Vol II 20 Sep 79, pp D9-D11]

[Text] We frequently call the chemical industry the sector which determines technological development. According to expert estimates there are more than 4 million chemical enterprises in the world today. Moreover, 6,000 new buildings are added to this number every week.

Soviet chemical industry is one of the most prominent in the world. Big new enterprises will be completed and hundreds of shops will be reconstructed and expanded during the Tenth Five-Year Plan. It is obvious that new qualified workers will be needed to work in these enterprises. Every economic manager is fully aware of this problem. With the development of productive forces in the USSR and industrialization of economic areas of Siberia and Far East, there has been a rapid increase in the need of additional labor force which is not always available in the respective place, area or okres in which a new combine or enterprise is put into operation.

What Does It Mean to Work With the Shchekino Method?

The problem of qualified labor force arose also in the Shchekino chemical combine (present AZOT production association) in the 1960's. This combine is in the economically developed Tulsa area and the influx of new workers could therefore not be unlimited. Yet, a further chemical production increase in AZOT was regarded as economically imperative. Economic management, party, trade union and komsomol organizations directed attention of the collective to uncovering the reserves through the increase in labor productivity.

The joint effort gave birth to a bold idea: to increase the production volume with their own resources--not only by not asking for additional

workers, but actually by reducing the existing labor force--and to transfer the manpower thus "saved" to other production enterprises.

In the first place the following problem had to be resolved: which workers and in which jobs were to be "released" from the production process? The way out was found by the always reliable workers in the AZOT personnel department who asked their fellow-workers to operate several machines at the same time. This meant that the job of a machine operator was to be combined with the job of an auxiliary worker, and so on.

Naturally, there were only individuals who accepted this idea at the outset. To say nothing of the fact that every manager wants to have only highly-qualified workers in his enterprise. Many workers looked at the situation with considerable skepticism. Some of them were of the opinion that the collective would not adopt this innovation and that similar reorganizations would result in the relaxation of work and technological discipline of workers in the enterprise.

As often happens, a paradoxical situation arose: the arguments of enemies of this experiment played also a positive role. They actually drew attention of this appeal's initiators to the potential shortcomings which might occur when the new method is introduced. It was therefore necessary to adopt necessary measures and to correct just mentioned defects in order to avoid them.

The combine began for example to reorganize the system of workers' training for closely allied jobs and to conduct crash courses for improvement of workers' basic qualification.

The AZOT planning and financial department devised new wage tariffs and a new premiums system in connection with the simultaneous performance of several jobs. Such a material incentive turned out to be the substantial motive force in the development of this movement.

What has actually been achieved? The production volume and labor productivity have increased, the quality of products has improved and the labor force has been reduced, while the wage fund has remained unchanged. A complex of coefficients flexibly modified the regulations on base salaries and premiums for those workers who successfully improved their professional skill. Due to these measures, the stagnation of professional improvement has become unthinkable in AZOT.

The first results of the experiment in Shchekino completely vindicated the hopes of its initiators. In 1970, its chemists could release 1,030 workers for other sectors of the national economy, while labor productivity increased 2.3 times. By the end of the Ninth Five-Year Plan, they were producing almost three times as many products, while the workers' wages increased 1.5 times in this combine.

Two Different Approaches to Efficiency

The essentially simple proposal of Shchekino workers soon assumed a nationwide importance. The CPSU Central Committee approved the initiative of AZOT chemists on 9 October 1969 and recommended the application of this method, on the largest possible scale, in other enterprises of the Soviet Union. Approximately 1,200 production collectives employ the Shchekino method today. The USSR Central Statistical Office scrupulously examined the work of 326 enterprises at the end of the last five-year plan.

The collectives using the Shchekino method greatly surpassed the enterprises in which the old work organization persisted. These collectives have released almost 50,000 workers, although the demands on production increased. While the total volume of industrial production in the Soviet Union increased, through labor productivity increase, by 84 percent during the last five-year plan, this indicator reached 92 percent in the production enterprises surveyed.

A close check, however, revealed also many problems. It has become clear that this valuable initiative was not followed in all sectors of the national economy. Only about half of enterprises in chemical and petrochemical industries and only individual collectives in engineering, metallurgy and other sectors were using the Shchekino method. Different approaches--different efficiency. Where are the causes to be found?

The simplest explanation is to be seen in conservatism of management personnel and in the well-known aversion to "increasing the already existing troubles." It has turned out, however, that this was not so. The system of planning of the annual wage fund in industrial enterprises has become the principal obstacle to the common use of the Shchekino method. This problem was thoroughly analyzed by the state planning and financial organs. The USSR State Planning Commission, the Ministry of Finance and the State Labor Committee have approved the new conditions of the introduction of the Shchekino method. The ministries must now guarantee the wage fund, irrespective of the number of workers, to the industrial enterprises which employ the Shchekino method.

Where Are the Limits of the Shchekino Movement?

In every process, when something new is introduced, the moment arrives when it seems that initial reserves have been exhausted and that the highest limit has been reached. Then a question poses itself: what to do next?

Such a moment arrived also for the Shchekino chemists. New tasks had to be put on the day's agenda which were closely linked to the technological development of the enterprise and modernization of its management. New equipment with its potential provided the initiators of the Shchekino movement with a new stimulus for a further development of this work method. The rationalization proposals of the conbine workers, the improvement of

the planning system will make it possible for the workers of this enterprise to increase the production volume by more than 20 percent and labor productivity by almost 30 percent and to release additional 300 workers from the production process by the end of the 10th Five-Year Plan.

Further continuation and development of the Shchekino method has found and still finds a fertile soil among the followers of this work initiative. A group of engineering enterprises for example tested this experiment and enriched it with its experiences at the same time. They set material incentives both for workers paid hourly wages and piece wages. It is a well-known fact that these workers, to a large extent affect the overall output. Due to these measures, the enterprises attained such a production volume in 3 years that was planned for the end of the Tenth Five-Year Plan. The highest labor productivity was reached precisely in this sector.

The example of Shchekino workers and examples of thousands of other collectives in the various sectors of the USSR national economy conclusively prove that its university is the most important aspect of the Shchekino method. After it is adjusted to specific conditions of individual production sectors, this method can be applied in virtually all sectors of the national economy.

Zlobin Method Urged

Hradec Kralove POCHODEN in Czech 13 Sep 79 p 2

[Article by Frantisek Dvorak, chairman of ROH [Revolutionary Trade Union Movement] section committees Prumstav Pardubice: "The Zlobin Method"]

[Text] The Zlobin method which we employ in construction industry in our country makes use of workers' broad initiative and aims not only at the fulfillment of planned tasks, but primarily at the economical use of all production funds. When we organized a working conference of kraj economic activists and trade union officials of East Czech construction industry for introduction of this method more than 4 years ago, we did not meet with necessary understanding immediately. Gradually, however, we adopted experiences from the North Bohemia and North Moravia krajs, and due to effective work of trade union organs and organizations with management personnel good partial results were achieved within 2 years particularly in increasing the number of competing collectives from the ranks of BSP [Brigades of Socialist Labor]. The goal specified by the resolution of the kraj all-trade union conference was achieved--namely to see to it that 15 percent of BSP collectives work with this method in 1977 and 20 percent of BSP collectives in 1978.

The Ingstav Hradec Kralove plant for example saved over Kcs 900,000 in six public utilities construction projects in Morava suburbs of Hradec Kralove and an overwhelming part of the entire project was completed in exemplary quality. These results were achieved primarily because of the economical

use of building materials, good work organization and creation of appropriate conditions, including supply, for the successful application of the Zlobin method.

The results could have been even better, if all subcontractors had observed discipline specified in the economic contracts. It has become clear that the use of khozraschet is most effective in the construction projects which are paid for when the entire job is completed. I could mention some good examples from the East Bohemian Hrochuv Tynec brick factory enterprise. Likewise, the collectives working with the Zlobin method were successful in the Prumstav Pardubice transportation plant and Hradec Kralove Ground Construction Enterprises. Although unquestionably good results have been achieved with this new method of work in terms of the increased output, a number of problems also arose. The Zlobin method has not been applied on a large scale for example in the assembly line production of apartments where the most favorable conditions exist for it.

The time which elapsed from the initial application of this new work method was long enough and the moment has now arrived to improve upon the past results.

Shchekino Method in CSR

Prague PRACE A MZDA in Czech No 8, Aug 79 pp 425-427

[Article by Engr Libuse Kupkova, CSR Ministry of Labor and Social Affairs: "Results of the Shchekino Movement in Organizations of CSR Ministry of Industry"]

[Text] The promotion of a dynamic development of the national economy with the steadily shrinking labor supply makes it imperative to make consistent use of reserves in the area of rational use of labor force. Some organizations of the CSR Ministry of Industry have been successfully competing in this respect since 1974. In accordance with the CSR government resolution No 138/73 on utilization of Soviet experiences in coping with the labor shortage in the CSR economy, these organizations try to meet the planned production targets with a smaller labor force.

In 1978, the movement striving to cut down the labor force in the Shchekino spirit was joined by nine organizations of the CSR Ministry of Industry with a total number of approximately 30,000 workers (from Garment Industry Prostejov economic production unit) namely: Pragodev Prague; Button Industry Zirovnice; Sumavan Vimperk; Otavan Trebon; Triola Prague; Severka Cvikov; Garment Industry Prostejov; Kras Brno and Sohaj Straznice. These organizations pledged to reduce their planned labor force by 173 workers, but to fulfill the planned production tasks in 1978.

In fact, however, they reduced their labor force by 308 workers thus surpassing their pledge by 71 percent. In comparison with the reality of

1977, the number of workers in these organizations was reduced by 830 or 2.3 percent in 1978. All competing organizations fulfilled the gross production plan and surpassed the planned targets in gross production by approximately Kcs 28 million or 0.5 percent. In comparison with 1977, gross production increased by 3.2 percent, labor productivity by 5.7 percent and average wage by 3.4 percent in 1978.

In comparison with 1977, the organizations employing the Shchekino method achieved more favorable results than the consumer industry as a whole particularly in the number of workers, labor productivity and total amount of wages as is clear from Table 1.

Table 1.

Indicator	Interannual increase (decline) in percent (1977/1978) Consumer industry	Enterprises employing the Shchekino method
Gross production	103.9	103.2
Wage funds (MOON without OOV) [expansions unknown]	102.8	101.7
Number of workers	99.2	97.7
Labor productivity	104.7	105.7
Average wage	103.6	103.4
Increase in wages per 1 percent of gross production increase	0.7	0.3

It was confirmed again that the principles of wage trend regulation are able to keep the wage trend within the desirable limits. Although the regulation of average earnings increase above the plan was virtually abolished in the selected organizations, these enterprises registered a smaller increase than consumer industry as a whole.

Positive also is the fact that the favorable results were not achieved by the use of extensive indicators of labor productivity that is by the increase in overtime work. The ratio of overtime work in the total number of hours worked declined in 1978, in comparison with 1977, in all listed organizations (with the exception of Pragodev national enterprise) as Table 2 shows.

Table 2.

Enterprise	Ratio of overtime in percent 1977	1978
Pragodev Praha	2.48	2.61
Button Industry Zirovnice	2.42	2.18
Sumavan Vimperk	3.44	3.43
Otavan Trebon	1.94	1.46
Triola Praha	2.35	2.13
Severka Cvikov	3.46	2.80
Garment Industry Prostejov	3.57	2.98
Kras Brno	2.76	2.11
Sohaj Strazmice	3.01	2.43

The favorable fulfillment of economic indicators was achieved by the organizations through the implementation of specific measures in the area of comprehensive socialist rationalization, personal material incentives and development of workers' initiative.

To increase labor productivity, the organizations searched for and introduced new time-saving methods of production preparation and processing of products, made more effective use of available equipment, and introduced modern machinery manufactured in Czechoslovakia or imported from abroad (semiautomatic, fully automatic and multipurpose machines).

In accordance with the programs of comprehensive socialist rationalization and annual plans of rationalization and work standardization, the organizations concentrated, apart from large capital investment projects, on the changes in the organization of workshops and particularly on their more convenient layout, improvement of work organization and methods by using the system of operations' time set in advance (MTM) [expansion unknown]. The comprehensive rationalization brigades as well as individual workers contributed, with their improvement proposals, to the formulation of rationalization tasks and their implementation. A more economical use of the labor force was achieved also by the objectification of the number of technical-economic workers which reduced the number of foremen by three for example in Triola national enterprise.

Individual material incentives were used in the first place to make the earnings more dependent on the fulfillment of key tasks of enterprise plans, and particularly on the improvement of quality of products and all work, even fulfillment of tasks, reduction of materials and labor consumption, introduction of new equipment and so on. Greater emphasis was generally placed on the fulfillment of qualitative indicators. Apart from the premiums system, more effective use was made of target and extraordinary bonuses for the fulfillment of specific tasks.

Among the factors which directly contributed to the reduction of the labor force were the individual material incentives for labor saving techniques, fulfillment of labor productivity indicators and so on. Garment Industry national enterprise Prostejov for example successfully used output premiums for those workers who met the labor productivity targets in terms of handled or shipped pieces, meters, output in Kcs per hour worked. Pragodev national enterprise introduced new material incentives for labor-saving techniques.

Work activity and initiative of workers, blue-collar workers and technicians, but also the ability of management personnel to encourage, control and correctly direct this initiative have considerably contributed to the good results achieved by the organizations surveyed. Of considerable value also were the movements such as "Performing of Several Operations," "Surpass Yourself," "I Guarantee My Work" in Sohaj Straznice national enterprise and Button Industry national enterprise Zirovnice, "Work Without

Defects" in Kras national enterprise Brno and organization of production meetings for information of work collectives on production tasks and discussion of ways in which they could be implemented.

In evaluation of work of organizations employing the Shchekino method in 1978, we must appreciate that these organizations have been achieving favorable results, in comparison with the consumer industry as a whole, over a long period that is every year since 1974.

The results achieved by the organizations in which, as generally acknowledged, there is a relatively high intensity of labor, convincingly point to the realistic possibilities of using reserves for increasing labor productivity in virtually all sectors of the national economy. They show that our system of management contains elements which make it possible to cope with the existing labor shortage which must not become the obstacle to the further economic growth. The utilization of these reserves is not only a question of proper tools of management, but also a question of ability and willingness of responsible economic workers of making effective use of these tools.

SSR Workers Eager

Bratislava PRAVDA in Slovak 11 Oct 79 p 3

[Text] After the recent publication of articles by the Pravda Brigade (published in PRAVDA of 4-7 September 1979) on experiences with the introduction and spread of the Shchekino system of long-term material incentives to workers for the continued labor productivity increase not only in chemical industry, but also in engineering enterprises, mines and metallurgical combine, our editorial board received letters and inquiries which testify that the movement of Soviet innovators attracted considerable attention in many work places. It was no wonder that it was so because AZOT production association in Shchekino increased the production volume 3.1 times, labor productivity 4.1 times, average wage by 65 percent, while it simultaneously saved 8 million rubles from the total wage fund since the introduction of the new system of material incentives. The rapid production increase was achieved without an increase in the labor force, but exclusively by the increase in labor productivity which made it possible to use the existing labor force more economically and to transfer 1,852 workers that is 25 percent of the entire labor force to new jobs.

Experiences of Shchekino chemists applied in the entire Tula area made it possible to achieve an increase in labor productivity which is equivalent to more than 35,000 skilled workers. As a result, the production increase planned for the entire period of the Tenth Five-Year Plan was achieved in 3 years exclusively by the increase in labor productivity.

Our editorial office welcomed and invited the workers from Chemlon in Humenne to a discussion on their experiences with the Shchekino method.

Among the first who responded to our appeal were the representatives of CPSL CZV [all-factory committee] of the Railroad Repair and Engineering Shops in Vrutky in Central Slovakia kraj which maintains close ties to the Tula oblast, the "cradle" of the Shchekino system. Tesla Piestany and Porobetonka at Zemianske Kostolany are interested in the details of this method. Silk Factory Senica took initial experimental measures. Comrades Engr J. Bayer from Martin and Engr M. Majtan, CSc, wrote us about their views. From all this response it is clear that comrades are already exploring specific possibilities and conditions of the implementation of the principles of the Shchekino method in practice. This is evident from the following contributions.

Discussion With Workers From Humenne

The workers of the Chemlon Fibers Combine at Humenne discussed the absolute necessity and possibilities of applying the experiences of Shchekino chemists and particularly the experiences of their neighbors working in the Synthetic Fibers Plant. Following are the excerpts from the discussion in which the comrades emphasized what must be done, if they want to become real Shchekinists in Humenne.

Comrade Engr Cyril Fedor, deputy chairman of CPSL CZV:

"Labor shortage--which of our enterprises does not experience it? Perhaps never before was the problem of economical use of manpower, of its most effective utilization so urgent as it is today. For this reason, we followed up the recent series of articles in PRAVDA on experiences with the effective utilization of reserves in initiative, on abilities and professional background of Soviet workers. The method employed for the first time by the workers in the Shchekino chemical combine proved correct and its practical results are more than convincing. And since the article in PRAVDA analyzed also the specific application of this method in the Shchekino Synthetic Fibers Plant which, by its production, is close to our enterprise, the people in our workshops began to talk about it. In the first place, the following principle captured our attention: to fulfill the constantly increasing tasks not by the established habit of "overtime work," brigades, nervousness and hectic work toward the end of the work period, but by increased efficiency, rationalization. To approach a problem not with force, but with brains. To make the entire work collective interested in uncovering the reserves also with material incentives. What captured attention of us communists in the all-factory committee in particular, was the decisive participation of the communists, the leading role of the party in the implementation of the Shchekino method. Practice has demonstrated that without intensive everyday work of communists, committees of party organizations, but also area and higher party organs the introduction of principles of the Shchekino method would not have proceeded at such a rapid pace and would not have produced such convincing results. Such a concentrated effort to find a "complete" solution to all problems has become a great example and a model for us. Also in this respect we have a lot to learn from our Soviet comrades."

Engr Viliam Porvaznik, chairman of ROH ZV:

"We trade unionists were interested particularly in one of the experiences of the Synthetic Fibers Plant in Shchekino--namely that the first prerequisite of contentment and good climate in the workshop are the conditions both in and outside the plant. There were many discussions in our workshops for example on how the Shchekino plant managed to solve the problems of placing children in preschool establishments, to facilitate shopping, to organize joint excursions or to provide various services such as hairdressing. We were not idle in this respect either. Among other things we shall have at the disposal of our workers a kindergarten by the end of this year which will help us do away with the waiting list for preschool establishments. We have succeeded in carrying out only few of our plans for facilitating shopping. An overwhelming part of our workers are women on whom a continuous three-shift operation lays great demands. If we will want--and in the view of the permanent labor shortage we want already today--them to fulfill the increasingly complex tasks, to cover a larger area of maintenance, we must not relax our care for them and be satisfied with what we have already achieved. In other words, the application and implementation of the Shchekino method would confront us trade unionists with many new tasks in addition to increasing labor productivity and efficiency. It would require production of additional funds for raising the workers' living standard."

Engr Maria Janusova, worker in the economic department:

"As to the series of articles already published, we economists were primarily interested in the economic aspect of the Shchekino method. We came to the conclusion that the method employed by the Soviet workers in Shchekino would represent a big asset also for our enterprise. We have thoroughly studied and analyzed its underlying basis and the conditions necessary for its application. We have examined in what respect these conditions are similar to ours and in what respect we lag behind. The most important limiting factor is our present system of instability of the plan in terms of quality and assortment. Naturally, closely related to it is the instability of the wage fund and its guaranteeing for several years ahead is simply out of the question. In other words, the stability, a guarantee of the long-term nature and unchangeability of the operational plan is the first serious problem. The second problem are the wage regulations which set a precise "ceiling," average wage increases and the scope in which the wage fund can be handled within the enterprise. How can we combine several jobs and lead the workers toward greater productivity and efficiency, when it is not possible to reward workers' initiative and back it up also by the material incentives?"

Michal Palescak, head of the personnel department:

"In our deliberations on how to implement the principles of the Shchekino method, we eventually reached one quite specific conclusion: we see the

biggest reserves in the potential centralization of maintenance in which approximately 1,000 workers are working at the present time. This is a large number and, as the experience of Shchekino workers show, remarkable results can be achieved through the combination of jobs and increased area of responsibility in the maintenance sector. Some regulations obsolete already today may hinder our effort. Quite a few anomalies exist. An operator of measuring and adjusting devices for example is not permitted to make any, even the most basic repairs (although he knows how to do most of them). He must call the maintenance man even for such a routine job as the replacement of a fuse is. As is clear from these examples, there is a complex of problems which must be summarized and solved before we start with the application of the Shchekino method. The Soviet comrades themselves emphasized on many an occasion that in such a sensitive area as work with people is, the ingrained work habits cannot be interfered with by force, from one day to another because any changes in this area must be thoroughly prepared and people educated for them."

Engr Juraj Mauritz, enterprise deputy manager in charge of technology:

"Our enterprise, manufacturer of polyamide fibers, with the annual production amounting to 48,000 tons is not only one of the largest, but also one of the most modern Czechoslovak fiber manufacturing enterprises. Because of the most progressive technologies and machinery of the highest standard, it manufactures 7.75 tons per worker. In comparison with 1960, we increased labor productivity more than 13 times, while we surpass the planned capacity of machinery on the average by 8-10 percent. All this could lull us to self-complacency, but we are far from it. We know that reserves still exist--in the already mentioned area of maintenance, but also in the materials handling, in production of energy and in the textile sector. These reserves could be best uncovered by the Shchekino method provided, of course, that it is consistently and comprehensively applied. We have studied the experiences of Soviet Shchekinists in detail and reached the conclusion that we could not start with the application of this method before some wage principles and regulations in effect now are changed. We must have a free hand; we must have confidence of supervisory economic organs; we must be allowed to differentiate, by means of material incentives, between initiative and average workers. After all, this does not mean anything else but a consistent application of the basic demands of socialism: everybody according to his abilities, to everybody according to the results of his work."

Engr Andrej Palencar, chief dispatcher:

"After we in the production sector had studied the goals and mission of the Shchekino method, we told ourselves with one voice that this was precisely what we needed on our way to higher efficiency. Although we have, due to the high degree of automation and mechanization, reached a high level of labor productivity, we fully realize many reserves that exist in our workshops. We begin to feel the "pressure" of the labor shortage,

but there are places in our enterprise, where we squander labor. The wage regulations now in effect, however, do not sufficiently stimulate the effort to search for and uncover the reserves. In the USSR, they managed to put flexibly and promptly the regulations at the service of initiative and in this I see the greatest success, the most foresighted manifestation of the Leninist style of work. We still have much to learn from them."

Valuable Small Experiment

Bratislava PRAVDA in Slovak 11 Oct 79 p 3

[Article by Ludovit Havel, deputy manager in charge of economic affairs, Slovak Silk national enterprise Senica]

[Text] It was not so long ago that production of the Slovak Silk Senica amounted merely to a few hundred tons. Today, it is one of the most important manufacturers of synthetic fibers in the SSR whose brand name is well-known far beyond the borders of our fatherland. The development of the enterprise registered an "explosion" less than 10 years ago by the construction of a modern polyester silk producing plant (with the annual capacity of 9,000 tons) which drained the entire labor supply from Senica and adjacent areas. When because of lack of 150 female operators of winding machines the situation became critical last year, we said to ourselves: since there is no use asking for additional workers, a way out must be found. And so the comprehensive rationalization brigades which have concentrated on labor-saving techniques took over. Although they try to find new ways of increasing the number of shifts worked, the plan is being fulfilled only with utmost effort, with the help of emergency brigades and overtime work. This solution could not be regarded as a permanent one. On the initiative of the party organization, we resorted to the traditional, but time-honored method in our enterprise: we began to study the Soviet innovation methods which were appropriate to our situation. We acquired information on the Shchekino method which turned out to be like "made" for our situation. In the first place because it suggests to verify and improve the work organization, to look for the potential reduction of the labor force by increasing its labor productivity.

And so we began. At the end of last year, we conducted the analyses of the utilization of the working time in individual centers. And the result? We found big differences in the output and compliance with the norms in the textile workshops. We therefore focused our attention on the improvement of BSP [Brigades of Socialist Labor] work, on the organizational work of foremen and heads of individual centers. By the end of May, we decided to conduct an analysis in depth of the utilization of the working time within individual shifts of production departments. A 23-member rationalization brigade of technologists, work standardizers and rationalizers took over and with the assistance of the heads of departments, centers and ROH workshop committees we began with the so-called "split second observation." This resulted in the enactment of new organizational measures. At the same

time, the enterprise manager issued an order to all his deputies: to propose effective technical-organizational measures based on the results of the analyses which revealed the possibilities of reducing the labor force and uncovering the reserves. This effort of ours was appreciated by the general directorate of the VHJ [economic production unit], when it decided that the entire planned wage funds would remain in the enterprise during the second half of the year.

Our "small Shchekino experiment" as we nicknamed it in the enterprise puts into effect the first important principle: when the production plan per shift is fulfilled, the wages saved on the "lacking workers" will be prorated among the available labor force. To enforce the effectiveness of this form of material incentives 594 production workers pledged to master another job and this made it possible for them to assume additional maintenance responsibilities. Naturally, we thoroughly discussed in advance the goals, the main features and forms of planned changes with the workers and explained their significance to them. The communists performed invaluable work in this respect.

We interested the workers who were paid piece wages in achieving a larger increase in individual labor productivity within the shift during the month. In paying the premiums, we observe among other things the basic principle according to which the premium is paid only to those workers who have worked full time in the respective month and as the minimum fulfilled the initial output norms or the planned production volume in the work units. The material incentives are paid also to the shift foremen--in the form of a premium amounting to as much as Kcs 10 per worker who has worked full time and surpassed the individually specified output norm. For the workers who are paid hourly wages, the claim to a premium arises, when the production plan is fulfilled in the material units during the 10-day period in the respective shift.

For the production departments, the necessary operation of production equipment in the shift has been determined by the dependence on the operation standards and permanent labor force. If the number of workers in the shift is smaller than the necessary operation requires and the workers working in the shift fulfill the tasks of the entire work collective, the workers working in the respective shift are entitled to the premiums equal to the wages which would have been paid to the "lacking" workers. These premiums are paid from the department head's fund decentralized for the shift and from the foreman's fund for the foremen. The department head's fund is set up only, if the standardized wage cost have been reduced. These funds are set up daily and independently in each shift. A specific amount of the premiums to the individuals for the shift is determined by the shift foreman according to the individual worker's contribution to the fulfillment of the production plan. This is done in the last shift of the 10-day period, when the workers are notified of the amount of the foreman's fund and its distribution.

In evaluating the application of the entire complex of forms of material incentives, we were pleasantly surprised by the results. In the winding shop (where the workers are paid piece wages) for example, the following female workers achieved remarkable results in September: Anna Benkova (131.8 percent); Frantiska Khutova (128.7 percent); Viera Krcova (122.4 percent), while 19 other workers in this department fulfilled on the average the norm above 100 percent. Special premiums which they obtained for their performance amounted on the average to Kcs 174. The workers of Department 2 achieved even better results in winding polyester silk: 39 female workers exceeded the individually specified output and obtained special premiums of Kcs 285 on the average. For their organizational work in the fulfillment of planned tasks on behalf of the "lacking workers," the shift foremen were paid special premiums in the amount of Kcs 2,213 which represents more than Kcs 80 on the average. Despite the labor shortage and considerable absenteeism of female workers because of their children's illness, we fulfilled the silk production plan in the required quantity, quality and assortment for which the above mentioned measures were responsible in the first place.

The already functioning new system of work and material incentives is fully appreciated by the workers: they see and practically feel it in their take-home-pay that conscientious, initiative work pays, that the enterprise appreciates it and clearly differentiates it from those who look for the "ways of smaller resistance" and avoid conscientious work.

The experiences from our "small Shchekino experiment" are promising. We therefore welcomed the recent series of articles in PRAVDA on the experiences and potential expansion of Shchekino experiences: it inspired us to additional suggestions in our search for further increase in labor productivity. The application of the Shchekino system of long-term material incentives for continued increase in labor productivity, of course, presumes that it will be put into effect in the same manner as in the Soviet Union--namely as the normative system which must be worked out and approved by the supervisory economic and state organs.

Produce More, Entitled to More

Bratislava PRAVDA in Slovak 11 Oct 79 p 3

[Article by J. Janiga, worker at Martin CPSL okres committee, and J. Milanec, chairman of CPSL CZV, the Slovak National Uprising Railroad Repair and Engineering Shops, Vrutky]

[Text] The series of articles entitled "From the Shchekino Notebook" by the Pravda brigade met with lively response in the industrial enterprises of the Martin okres. Primarily because it demonstrated in detail, on the specific and comprehensible examples from the Tula area, how a permanent increase in labor productivity can be achieved on the basis of long-term material incentives. The Shchekino system thus deals precisely with what

Comrade Strougal in his speech in Ostrava pointed out as necessity in our entire national economy: to reward everybody according to his merits, according to the quantity and quality of work performed.

Like in all other okreses, we in the Martin okres must cope with the problem of labor shortage. The Shchekino workers show how to do it--in the first place by higher labor productivity and during the initial period primarily without capital investments: by better work organization; by expanding the area of responsibility in maintenance and by a combination of jobs. In doing so, the following principle must be observed: he who constantly gives more to the society, must also constantly get more. And this problem precisely is solved by the Shchekino system on the basis of the unity of individual, enterprise and society interests because it does not increase the demands on the wage funds. On the contrary, despite the rapid increase in labor productivity and increase in workers' earnings, the total volume of wage funds is proportionately reduced. The amount thus saved, however, remains at the disposal of the enterprise and is used largely for allocations to the funds for social and cultural needs. It is therefore not accidental that all industrial enterprises in our okres will discuss the potential application of Shchekino experiences during the Month of Czechoslovak-Soviet Friendship.

On the initiative of CPSLs okres committee in Martin, the CPSL CZV in the SNP [Slovak National Uprising] Railroad Repair and Engineering Shops in Vrutky organized a conference of activists which discussed the conditions under which the Shchekino system of long-term material incentives, based on the permanent increase in labor productivity, could be applied in this big railroad repair-production complex. This conference of activists was attended, in addition to the chairmen of CPSL ZO [factory organizations] and some economic workers from SNP ZOS [Railroad Repair and Engineering Shops], also by the chairmen of CPSL ZO from SNP Printing Plant, Drevina Turany and Tatra Furniture Plants in Martin.

Many problems were clarified in a lively discussion. The discussion made it clear that the workers in Vrutky not only feel the necessity, but also possess all prerequisites for the gradual application of Shchekino experiences. In the discussion, the comrades backed their assertions by the examples from the successful development of the Saratov movement. They had started to introduce it with the best workers and brigades. They will do the same in this case in order to verify the new system by two-three brigades and to show its advantages to others.

Not only CZV and CPSL basic organizations, but also the enterprise management have a clear idea what should be done. This requires a thorough preparation in the first place--the collectives selected for the application of the Shchekino system will discuss in detail the changes in the work organization necessitated by the responsibility for more extensive areas of maintenance and combination of jobs. The workers thus released will have to be reassigned to new jobs and new criteria must be established

for their remuneration. This will involve demanding technical and organizational work, but above all political propaganda and education. The conference of activists therefore decided to recommend to the CPSL CZV to set up, within the economic commission, a task force for the preparation and introduction of the Shchekino system. Despite its immense national economic significance, however, its application is hindered by the principles of remuneration now in effect which are essentially anti-Shchekinist since they inadequately promote workers' material interest in increasing labor productivity by their own contribution. The conference of activists, however, expressed the hope that, like in the Soviet Union, the higher management economic and state organs would remove this obstacle.

10501
CSO: 2400

BRIEFS

AUSTRIAN TRANSPORTATION MINISTER--Austrian Minister of Transportation Karl Lausecker has arrived for a short working visit to the CSSR. On his visit's agenda are talks on the further expansion of Austro-CSSR cooperation in the sphere of transportation and communications. [Bratislava PRAVDA in Slovak 3 Oct 79 p 2 AU]

CSSR-VIETNAMESE COOPERATION EXPANSION--In Prague on 4 October, CSSR Deputy Premier Rudolf Rohlicek received Nguyen Van Dao, Vietnamese deputy foreign trade minister, and Nguyen Tien Thong, Vietnamese ambassador to the CSSR. They discussed the expansion of CSSR-Vietnam economic cooperation. [AU141645 Prague RUDE PRAVO in Czech 5 Oct 79 p 2 AU]

CSSR, DENMARK PROTOCOL--A session of the Czechoslovak-Danish Mixed Commission has ended in Copenhagen with the signing of a protocol to the agreement on economic, industrial and technical cooperation. The signed document creates realistic prerequisites for the further successful development of economic relations between the two countries. [Text] [AU141645 Prague RUDE PRAVO in Czech 6 Oct 79 p 7 AU]

BANGLADESH DEPUTY PREMIER--On 5 October, CSSR Foreign Trade Minister Andrej Barcak received Maudud Ahmed, deputy premier and minister of power, water resources and flood control of the People's Republic of Bangladesh. They discussed the possibility of expanding the two countries' economic cooperation, "particularly Czechoslovak participation in the deliveries of energy installations." [Prague RUDE PRAVO in Czech 10 Oct 79 p 2 AU]

FORGED GULDEN NOTES--In a Prague bank on 15 October, a woman tried to exchange four 100 gulden notes. Closer scrutiny revealed that the notes were forged. The woman told police that she had bought them from an unknown man at a fair for Kcs4,000. [AU231328 Prague VECERNI PRAHA in Czech 17 Oct 79 p 3 AU]

CSSR, FRENCH EXPERTS MEET IN PARIS--A session of a Czechoslovak-French Commission of Experts has been held at French Foreign Ministry in Paris. The session assessed the fulfillment of the long-term CSSR-French agreement on cooperation of 1975 and the exchange of goods between the two countries. [AU231328 Prague RUDE PRAVO in Czech 20 Oct 79 p 8 AU]

COMMUNICATIONS MINISTER TO BRAZIL--On 22 October a delegation of Czechoslovak communications led by Vlastimil Chalupa, CSSR minister of communications, left for Rio de Janeiro, to attend the final talks of the 18th postal union congress. [AU241316 Prague PRACE in Czech 23 Oct 79 p 3 AU]

EHRENBERGER IN GREAT BRITAIN--Vlastimil Ehrenberger, CSSR minister of fuel and power, arrived in London on 21 October for a 3-day official visit to Great Britain. [AU231256 Prague PRACE in Czech 22 Oct 79 p 3 AU]

TRADE TALKS WITH VIETNAMESE, MALAYSIANS--On 22 October CSSR Minister of Foreign Trade A. Barcak received Nguyen Van Da, head of a Vietnamese Government and trade delegation, on the occasion of talks concerning the conclusion of a protocol on the exchange of goods and payments for 1980. He discussed with him some questions pertaining to the exchange of goods between the Socialist Republic of Vietnam and the CSSR. On the same day Minister A. Barcak also received the head of a Malaysian delegation (Dat Seri Syed Nahar Shahabuddin), premier of the state of Kedah. They discussed questions concerning the further development of economic cooperation and of the CSSR's participation in the industrialization of Malaysia. [AU241316 Bratislava PRAVDA in Slovak 23 Oct 79 p 2 AU]

CSO: 2400

GREATER ACQUISITION, USE OF TECHNICAL DATA NEEDED TO COMPETE WITH WEST

East Berlin WIRTSCHAFTSWISSENSCHAFT in German Vol 27 No 9, Sep 79 pp 1076-1088

[Article by Dr Heinz-Rudolf Zopf, economist, lecturer at Institute for Socialist Economic Management (Foreign Trade), Bruno Leuschner School of Economics, East Berlin: "Concerning the Link Between the Science-Technology-Production Cycle and Foreign Trade and Concerning Some of the Effects on Foreign Marketing." A translation of the article by Harry Nick, cited in footnote 2 below, is available in JPRS 71154, 22 May 1978, No. 1753 of this series, pp 89-119]

[Text] Concerning the Necessity and the Problems of a Closer Link Between the Science-Technology-Production Cycle and Foreign Trade

Under the conditions of scientific-technological progress, the profitability of exports is decisively influenced by how quickly the results of scientific-technological progress can effectively be applied to exports. New products and new technologies are not only of great importance for the economic development of the socialist countries; they have also become a crucial factor in the competition on the capitalist markets. Thus, the marked increase in the GDR's export potential is closely linked to the increasingly effective control of the science-technology-production cycle, to the accelerated introduction of new and advanced products and technologies.

The connection between the increasingly effective control of the science-technology-production cycle and foreign trade is a complex problem. As the interrelations between the individual phases of the reproduction process are intensified through scientific-technological progress, there increase the interdependence and reciprocity between the science-technology-production cycle and the sphere of external circulation, i.e. foreign trade. At first, this interdependence and interaction is of a general nature. As is well known, due to the uniformity of the reproduction cycle, the time savings achieved at one stage are economically most effective only if the subsequent phases are accelerated as well. Thus, in regard to the acceleration of scientific-technological progress and the transfer of new research results to the production process, the acceleration of the circulation process is of

great importance for the final economic result. In regard to the foreign trade activities, this entails the necessity to put forth increased efforts, in order to effect time savings and to speed up the foreign trade activities, i.e. to reduce the time expended on market research, correspondence, translation, submitting tenders, on delivery, transport, assembly, service, etc. Systematic rationalization, the large-scale practical application of the findings of scientific work organization to the field of foreign trade significantly influences the time efficiency achieved in research and development and its effect in regard to the national economy.

However, in regard to both theory and practice, one should draw attention--beyond this general context--to some substantive connections between the science-technology-production cycle and foreign trade. In this respect, the function of foreign trade is not a passive one; its active function is intensifying in two directions:

a) Internally, in terms of its effect on the innovation processes in research and development, on the continuous market- and user-oriented creation of new technologies and products and on their transmission to the material production process with due regard to the objectively necessary periods and points of time.

b) Externally, in terms of its effect on the accelerated propagation[1] of new products, new technologies and scientific-technological knowledge, including a market- and user-oriented introduction into the industrial, social and individual consumption process abroad, likewise with due regard to the objectively necessary periods and points of time.

Both directions are of great importance. They derive from the general function of circulation as a mediator between production and consumption; however, under the conditions of scientific-technological progress, this function acquires specific aspects. In this regard, the propagation of scientific-technological progress merits as much attention as the active influence on the innovation processes. Even though the two intensification trends of the active function of foreign trade are interdependent, it is the intensified external function that will be emphasized in the following.

The economy of scientific-technological progress is directly dependent upon the propagation of the scientific-technological advances. The results of scientific-technological progress will be positively reflected in the overall economic results and in the results achieved by the individual combine or foreign trade enterprise only if the process of propagation can be speeded up, for "It is not only a matter of introducing scientific results into the production process. Likewise of great importance is the rate of propagation of scientific-technological innovations in the current reproduction process. So far, the control and planning of these propagation processes--as compared to the control of the initial introduction of scientific-technological solutions--has not been mastered very well."[2]

Under the conditions of scientific-technological progress, the problem of propagation is not restricted to the framework of the respective country; rather, it is turning more and more into an international problem.

In capitalism, the propagation of scientific-technological innovations is of crucial importance in regard to trade rivalry, since the rate of propagation ultimately determines the degree of commercialization and the extra profit realized through scientific-technological innovations. This in turn promotes further profitable capital investments for further scientific-technological innovations. Thus the United States' scientific-technological lead in the capitalist world is obviously due to the greater rate of propagation and commercialization of scientific-technological innovations. In regard to the number of important inventions during the postwar period, the ratio between the United States and Western Europe is 19 : 10, while in regard to the transmission of scientific results and their commercial implementation, the ratio is 22 : 7 in favor of the United States. In some sectors, Western Europe's lag in regard to transmission amounts to 5 to 10 years.[3] Of great importance in regard to the rate of propagation are the foreign branch establishments and subsidiary companies of the concerns.

Undoubtedly, both the active influence on the innovation processes and the rapid propagation of scientific-technological innovations beyond the respective state borders have become vital concerns of foreign trade. As regards capital goods, the active influence on user-oriented innovation processes on the one hand and the propagation of scientific-technological innovations on the other hand are significant aspects of the solution of the problem of transferring scientific-technological results to the field of practical utilization. In the transmission problem, these two aspects are reflected as an integral whole.

Already at the 16th Conference of the Scientific Council for Economic Research, attention was drawn to the fact that in the GDR the testing problem [sic: should be transmission problem] had not been adequately solved:

"We are certainly aware of the fact that the really crucial benefit of many transmission projects is realized only by the user of the new product and that the greatest utility is achieved only by large-scale multiple utilization of the innovations. At the same time, it is shown again and again that in practice the transmission process is considered completed with the first introduction of a new research result into the production process. Thus, in regard to this transmission process, we do not go beyond the producer. But however great the benefit derived by the producer, as long as the attainable utility for the user does not become effective, or if we fail to focus on this utility for the user, it is impossible to attain the maximum overall effectiveness."[4]

The problem of transmitting research results to the field of practical application is likewise not restricted to a national framework; in connection with scientific-technological progress, it has increasingly become a problem concerning foreign trade, i.e. the effect on exports and thus the maximum

economic effectiveness of scientific-technological progress are assured only upon the solution of both aspects of the transmission problem inclusive of the practical utilization abroad:

--Of the timely orientation toward utility already during the research and development phase;

--Of safeguarding the practical effectiveness of this utility in the field of concrete utilization.

The foreign user does not simply want to purchase goods and services; he wants to purchase a utility value and he wants this utility value to be fully guaranteed. "In order to be profitable, the product must above all represent a utility value for the purchaser."[5] But it is only in the operating process, in productive consumption, that the utility value of a machine is ascertained.[6] Even though this basic situation has not changed, there have been considerable changes in the conditions. Due to the increasing degree of innovation in regard to products and technologies, the increasing specificity of the equipment, the resulting technical-technological problem of conformability, the increasing complexity of the equipment system, and other factors, the employment of new equipment in the process of scientific-technological progress is becoming more and more complex and entails increasing risks for the user. At the same time, the objective effect of the time factor calls for a swift, safe and optimal solution for the user. An optimal solution for the user presupposes a user-oriented product conception and diverse comprehensive scientific-technological and technical-technological achievements in the market sector. It is not only the conformable machine, the piece of equipment, the installation that is the utility value desired, but an extensive performance complex that under differentiated use conditions facilitates the introduction of the new product, of the new technology.

In buying a utility value, the user also wants to buy the solution to the transmission problem, i.e. he wants the overall solution to the introduction and mastery of the new technology. Only in this way can he obtain the benefit desired. It has become increasingly obvious that in order successfully to fulfill the export plan it is necessary to insure--under increasingly complex technical and economic conditions--a high degree of utility for the foreign user. This utility is not isolated from the economic effectiveness of foreign trade for the GDR. Since the utility for the user has become a crucial factor in regard to the price of the product on foreign markets, the effectiveness of foreign trade for the GDR is ultimately dependent on a high degree of utility for the foreign client. At the same time, the GDR must attain this degree of utility in the most economical way possible. Practically, this necessitates the transmission of the scientific-technological results to the foreign user with the object of working out the variant most suitable for the GDR and the user. It is basically a matter of solving a complex optimization problem which extends down to the individual enterprise and which must be solved with due regard to the economic consequences.

Under the conditions of scientific-technological progress, the solution of all aspects of the transmission problem--including the aspect of utilization abroad--is a novel task for the foreign trade sector, which goes far beyond the traditional trade functions. This leads to a very intensive amalgamation and interdependence of research and development, material production and foreign trade and extends--via many intermediate links--to the concrete methods of foreign marketing and the ways of their implementation through the organs of foreign trade and industry. Thus the problem is not only of theoretical, but also of great practical importance, both in regard to the trade with the socialist states and in regard to the trade with the developing countries and the capitalist industrialized countries.

As regards the trade with the socialist countries, above all the CEMA member states, the conditions for a mutually advantageous solution are much more favorable. The intensive long-term cooperation in research and development, which is a result of the socialist production relations, the joint investment activity and other forms of direct, systematic cooperation facilitate the solution of the transmission problem in the foreign trade sector.

As regards the trade with the developing countries and the capitalist industrialized countries, the solution of this problem is much more complex. Here it is frequently only within the framework of circulation, of marketing, that the transmission problem can be solved. At present, advanced forms of direct, continuous cooperation aimed at solving the transmission problem are still confronted with numerous barriers resulting from the economic laws of capitalism and from various aggressive political attempts by imperialism to thwart the regulations of the Final Act of Helsinki and to undermine the policy of peaceful coexistence. At the same time, it is especially in the trade with the developing countries and the capitalist industrialized countries that the GDR is confronted with totally new dimensions of the transmission problem. This is a result of

a) the changed volume of GDR trade with the developing countries and the capitalist industrialized countries in general and of the above-average rates of increase in GDR exports of machines, equipment and installations to developing countries and capitalist industrialized countries in particular;

b) of the increase in GDR exports of results of scientific-technological progress in the form of new and advanced products of the machine building, electronics and electrical engineering industries, of user-oriented equipment, and of complete installations and machine and apparatus systems;

c) of the international competition on the capitalist markets, i.e. competition concerning marketing methods and the supply of goods and services.

Experience has shown that one of the basic problems in this respect is the great differentiation of the production and reproduction conditions of the foreign users and resulting from this, the diversity of the user problems on the one hand and the necessity of a swift and efficient solution by the GDR

producers on the other hand.

Consequently, an orientation toward certain basic prerequisites--to be outlined in the following--is of crucial importance. On a continuing basis, these prerequisites must be developed further by industry and the foreign trade sector and they must insure a sound line of departure for an optimal solution of the transmission problems.

1. The continuous safeguarding of a high scientific-technological and economic level of production technologies and products as compared to the international standard is the basis for the development of user-oriented solutions. In this way, basic user requirements in keeping with the general international development trends in science and technology are satisfied.

The universal implementation of this requirement concerning exact comparison with world standards is of crucial importance. Naturally, there are user-specific deviations from the international standard. However, these deviations must not be turned into basic orientation determinants. To what extent such specific user criteria must be taken into consideration in the individual case is to be examined with due regard to economic considerations, and especially with regard to dynamic development processes and the interdependence of exports and imports. It is imperative that the concrete utilization conditions be known and taken into consideration in long-range decisions. In the past, problems arose especially when the effects of technical-technological reorganizations on exports had not fully been taken into consideration. However, such decision-making situations do not by any means invalidate the basic orientation--resulting from the inherent laws of socialism--toward the highest possible scientific-technological and economic level of production technologies and products.

2. In regard to the technical-technological adaptation to different utilization conditions, it is necessary to insure a higher degree of flexibility. The best results have been obtained by those combines and export firms which were able to integrate the product and technology conceptions, while retaining flexibility. In regard to the product conception, this calls for an extensive application of the unitized production system, for further unification and standardization of the building elements and groups, including the development of variable type projects, and in regard to production technology, for an economically justifiable and technically feasible variability with minimal retooling expenditures.

Improved control of efficient technical-technological adaptations represents a large reserve in regard to increased flexibility on the basis of stable basic structures. In this respect, it is especially the cooperation partners in the subcontracting industry that must gear themselves to increasing flexibility. In this field as well, the formation and strengthening of combines is creating more favorable conditions for a uniform orientation of the end producers and the subcontracting industry toward the concrete requirements of the users.

3. It is necessary continuously to consolidate stable export and import lines. This facilitates the long-term lead necessary for the timely consideration of user requirements in research and development and creates more favorable conditions for long-term, intensive marketing, including the specific tasks resulting from the transmission problem.

The continuous consolidation of stable main export and import lines entails the problem of stability and concentration in regard to the state-, utilization- and client-structures. This stabilization is a very complex problem and cannot be attained automatically. The stability of the state-, client- and utilization-structures--especially in the trade with the nonsocialist countries--is at all times bound to be relative. This relativity is caused on the one hand by the inherent economic laws of capitalism and the changing market situations resulting from them and on the other hand by changing political factors in nonsocialist countries, i.e. ultimately by the instability of the capitalist system. However, another factor underlying this relativity is the differentiation resulting from the respective commodity and utilization structures. Thus, due to the investment cycle, even a stable client will not be able to purchase capital goods on a regular annual basis. Thus it is only through a sufficiently large clientele that long-term, stable relations can be insured. Consequently, there is a need for customer service even during those periods when few or no purchases are made. The situation is different in regard to consumer goods, which are subject to a different reproduction cycle and to quick consumption and which therefore are purchased by the respective customer at much shorter intervals. The exporter of entire installations must make allowance for changing client and state structures, even though the export of installations is a crucial factor in regard to the stabilization of trade as a whole. These aspects of differentiation must be taken into consideration so as to avoid simplified and mechanical approaches to the solution of the important problem of long-term, stable export and import lines. In regard to all commodity groups, however, it is a fact that the continuous consolidation of stable export and import lines on the combine and export firm level is influenced above all by a market- and user-oriented supply of goods and services and by intensive, systematic marketing. Today a market- and user-oriented supply of goods and services is a crucial factor in market stabilization.

The safeguarding of such basic preconditions affirms the course outlined by Erich Honecker in the speech delivered to the first secretaries of the kreis [GDR administrative unit] administrations: "In order to be able to export goods to nonsocialist foreign countries, we need a commodity supply of the appropriate structure, quality and quantity. And we must also make long-term preparations and plans in regard to the production for this part of our trade. Indeed: The export production for the nonsocialist economic area must be organized quite systematically."[7]

The second comprehensive problem lies in the fact that in the markets we are increasingly confronted with complicated and complex scientific-technical and technical-technological problems that necessitate qualitative improvements in

marketing. Since the number of transmission problems in the process of foreign trade activity is increasing, foreign trade is changing as well. Problems such as the following cannot be solved through traditional circulation activities alone:

--Transmission of new and advanced technical-technological solutions to the foreign users, while overcoming reservations present in some quarters.

--Production and introduction of user-oriented equipment conforming to the respective production system and the specific production problem of the user.

--Preparation and implementation of complex new investments and replacement investments in foreign countries (export of entire industrial installations, inclusive of all necessary preliminary studies and planning work according to the criteria of optimization and guarantee of the planned performance parameters regarding the installation's continuous operation).

--Reconstruction and rationalization of existing technical systems, including the solution of all pertinent adaptation problems.

--Transmission of technical, technical-technological and economic knowledge, not only through the granting of licenses, but also through various consulting and training programs, through the practical transmission of "know-how."

It is no longer individual, specific services that are being traded, but a complex, intricate, specific work process which is part of the transmission process and which under the conditions of scientific-technological progress is the core of the user's "complex solution of the problem."

Since this trade object is not simply a new, ready-made product, but a complex, intricate work process, it is through human labor that it must be realized abroad. In order to safeguard the process of transmission to the foreign user, it is necessary to do extensive, complex, scientific-creative, organizational and specifically technical work extending over long periods of time, predating the beginning of the actual circulation and extending beyond the sale of the product. Essentially, what is involved here is an increasing shift of preparatory production work to the foreign market. In connection with the preparation and implementation of the transaction and with the continuous marketing efforts, it has become necessary to increase the share of technical and engineering work.

The scientific-technological advances have given rise to the following trend: The commodity's change of form, the circulation process, can be effected only if the solution of the transmission problems can be guaranteed.

Thus, in order to insure the maximum effectiveness of the commodity's change of form on the international market, it is necessary to carry out two essentially different processes--a primarily economically-commercially oriented process (the sales process) and a primarily scientifically-technically, technically-technologically oriented process (the transmission process).

However, in foreign trade activity these two processes are not independent of each other, but are closely interrelated.

The degree of interdependence and interlocking of the sales and transmission processes varies in the different fields of export (machines, equipment, installations). It is influenced above all by

--the degree of complexity and specificity of the scientific-technological solution of the user problem;

--the scientific-technological level in the field of utilization;

--the degree of novelty of the scientific-technological solution for the producer and/or the user.

The interdependence is most obvious and pronounced in the export of entire industrial installations. However, it would be wrong to consider the problems to be restricted to this field. Thus, in the various rationalization investments in connection with the basic problem of introducing new technologies, it is necessary to solve complex adaptation problems, which solution often requires extensive preliminary studies, planning, counseling and training, coupled with user-oriented design and construction work. Likewise, the export of modern machines and equipment of a high scientific-technological level of development presently requires more than a user-oriented, adaptable product conception: It is frequently necessary immediately to produce various scientific-technological results so as to be able to introduce the article into the user's production process. This close interdependence of the economic-commercial process and the scientific-technical, technical-technological process is also reflected in the methods of the capitalist competition, above all in connection with the activity of the so-called "engineering" or "consulting engineering" firms which play an increasingly important role in the capitalist markets and which greatly influence the trade in machines, equipment and installations.

Concerning New Qualitative Marketing Requirements in the Preparation and Implementation of the Process of Transmission to the Foreign Users

Thus, in view of the changed conditions, it is necessary to impose qualitatively new requirements on foreign marketing, requirements serving the preparation and implementation of the transmission process.

In regard to their basic substance, these new requirements generally apply to marketing in the trade with both socialist and nonsocialist countries. If the overall economic and trade relations with the socialist countries create conditions more conducive to an efficient solution of the transmission problem, it follows that these favorable conditions must also be taken advantage of within the framework of marketing for the fulfillment of the qualitatively new tasks in accordance with the concrete requirements.

The orientation of the new requirements is no longer merely economic-commercial, but primarily scientific-technical and technical-technological. Consequently, traditional systems and forms of organization are complemented and developed further. There are developing new, advanced systems and forms of organization that are oriented toward propagation of the scientific-technological advances and toward support of the transmission process. Purely circulatory activities are closely linked with the transmission of scientific-technological results. In practice, this has given rise to new problems concerning the structure of the division of labor between the organs of foreign trade and industry.

What basic conditions must be met in regard to the rapid propagation of the scientific-technological advances, including the transmission of scientific-technological results to the field of practical utilization? What are the specific practical requirements ensuing from this in regard to foreign marketing?

To begin with, there are three basic conditions:

The first condition is timely, accurate information on the concrete foreign users, on their production and investment problems, their concrete technical-technological conditions and frequently on their sales problems as well.

Secondly, it is necessary on the basis of this information to develop and actively offer--frequently in close cooperation with the foreign user--conformable scientific-technological solutions including all the necessary services enabling the user to introduce these results as quickly as possible into the production process.

Thirdly, it is necessary to carry out this transmission process in collaboration with the foreign user, to do and organize all the necessary work independently or with the aid of third parties and to demonstrate the projected practical utility in test runs or in the current production process.

In regard to foreign marketing, this entails the following specific requirements, which must be taken into consideration especially in the management of marketing and in the practical work of the combines and foreign trade enterprises:

1. In order to obtain the most accurate and timely information on the users and their problems and to insure a maximum amount of systematic and reliable information, the practical work is to be based on the following premises:

--The objectively necessary share of field research in the foreign markets is increasing. This in turn increases the responsibility and the share of the external sales and purchasing organization in the fulfillment of this task. The cadres employed in the marketing sector should to a much greater extent be charged with specific tasks, for the objectives are frequently too general and the usable information is insufficient.

--The necessary share of scientific-technical and technical-technological information is increasing. Thus the demand and market research is closely related to the scientific-technical and technical-technological research disciplines, e.g. to certain fields of application research, to the study of geological-hydrological and climatic conditions and to technical feasibility studies necessary for systematic customer consulting service. Increasingly, this calls for cooperation between the experts of diverse research disciplines and between the cadres of industry and foreign trade organizations so as to obtain accurate information on utilization conditions and user problems. It is also necessary to intensify the application research and to incorporate it into the sales sector.

--There is an increasing need for utilization of all information sources and for coordination of the information segments. This in turn increases the complexity of marketing and serves to intensify the relations among its constituent elements. In order to gain more information, it is necessary to make greater use of information contacts resulting from diverse marketing activities (advertising, technical-economic consulting, customer service, commercial activity) and from the various management levels (contacts with central state institutions of the partner, with ultimate users and capitalist trade representatives). What is required is an increasingly purposeful and reliable coordination of information; in this respect, it should be noted that the mounting complexity of trade relations leads to increased coordination expenditures.

--More extra time will be required for obtaining market information and for long-term planning so as to insure the timely consideration of user requirements in research, development, planning and construction (or in time to substantiate a negative decision) and to insure long-term, active sales preparation.

2. In order to speed up the development and submission of user-oriented scientific-technological solutions, including all necessary services, it is necessary to take into account the following considerations:

--Of great importance are all those marketing methods that yield a great deal of information on the scientific-technological capacity of the producer and on the concrete utility of the products and technologies, as well as methods that insure direct contacts between producers and foreign clients and that at the same time draw on the experience of GDR users. Here we are referring above all to fairs, exhibitions, user conferences, symposia and individual technical-economic user consultations. The implementation of such methods with the greatest possible effect on marketing calls for cadres possessing both engineering and business expertise, since these methods initiate both the commercial process and the transmission process. This necessitates highly systematic preparation oriented toward the concrete utilization conditions. It is essential that the GDR users participate more actively in these external activities. In some branches of industry, the link between the production and utilization sectors within the GDR is presently not yet adequate to the

accomplishment of this task. In this respect, further improvements in management are imperative.

--Preeminent among these methods is the technical-economic customer counseling. Under the conditions of scientific-technological progress, this method is most suitable for speeding up and promoting the offering of scientific-technological solutions. At the same time, it represents the immediate connecting link with user-oriented planning and construction. This method is employed in continuous interaction between producers and users so as to bring about the optimal adaptation to the utilization conditions. The more complicated, specific and complex the user problem turns out to be, the more the technical-economic counseling fuses in the continuing process with the user-oriented planning and construction. The rough projects offered initially are refined until a solution tailored to the needs of the respective user is reached. The technical-economic counseling is at the same time a trading method and a method of transmitting scientific-technological results. To underscore this unity is of great practical importance, since the engineering and technical cadres frequently still pay insufficient attention to the commercial aspect of the trading method. But it is especially during the initial stage of the technical-economic counseling that user-oriented, sales-promoting activities predominate, i.e. aspects of the trading method; it is only in the subsequent phase that the transmission problem, the technical-technological adaptation and the development of optimal, technical-economic variants come to the fore.

--As the utilization problem increases in complexity, there increases the need for comprehensive services. Presently being offered is a large complex of various advisory services (technical, technical-technological, technical-economic, organizational (operations and sales), financial-economic, etc.); planning and design services; construction, assembly and supervisory services; testing services; training services; services in connection with "introductory management," and maintenance services.

The promotion activities must revolve around the capacity to deliver the services described. This will greatly enhance the prestige of the combines and foreign trade enterprises in the international market. The coordinated implementation of the complex services offered is approximately equal to the implementation of the transmission process in the foreign market and for the most part it represents productive intellectual and physical work. Offering this complex of services is no less significant or complex than the market-oriented offering of goods. On the contrary, these services are frequently prerequisite to the sale of products of the capital goods sector. The complexity and the volume of the services offered set new standards, especially for the export of industrial installations. With reference to an agreement concerning the establishment of an entire plant in a developing country, G. Beil, in a speech delivered at the 10th session of the SED Central Committee, demonstrated the range of complex services presently offered: "Apart from the delivery of machines and equipment, the agreement comprises the following separate service complexes: transfer of use rights; production; the technological planning of the plant; furnishing of the construction planning objectives; review of the

construction plan and of the completed project; complete assembly and guidance; overall coordination, ranging from construction of the plant to assembly of the equipment; putting the plant in operation; training of personnel in this country and in the GDR; furnishing of an organization plan; production preparation; procurement and production implementation; introductory management of the plant by GDR cadres."[8]

--There is an increasing need for long-term coordination of research, development, and sales with the aid of concrete management instruments such as research and development plans and long-term, concretely user-oriented sales conceptions. In order better to implement such coordination, it is necessary to increase the concreteness and stability of the sales conceptions and to make better use of legal instruments, above all long-term coordination agreements.

3. In order to safeguard the implementation of the process of transmission to the foreign user,

--it is necessary to establish permanent or temporary market organs that will attend to this transmission problem and will organize and coordinate it. Consequently, it is necessary to make qualitative changes in the system of export and import organization so as to enable it to carry out primarily technical-technological and technical-economic projects. In this respect, it will be expedient to fall back on the present, tested system of export and import organization, while complementing it with suitable specific organs, especially in the export of entire industrial installations;

--it is necessary--in accordance with the concrete changes in the commodity structure which are indicative of the scientific-technological advances--to increase the objectively necessary share of the GDR's own organs, experts, and mixed enterprises, since as a rule the transmission problem cannot be solved--or only inadequately--by foreign organs.

Modern Management Forms Serve to Accelerate the Propagation of Scientific-Technological Advances Including the Solution of the Problem of Transmission to the Foreign User

Obviously, the effective solution of the problem of transmission to the foreign user is one of the problems calling for the further development of the economic-organizational solutions in the sense of a stricter, unified management of the reproduction process.

In regard to the solution of these problems, it is of great importance not to consider separately individual aspects and not to overestimate scientific-technological factors--however great their relevance may be. In regard to the management aspect, all considerations must be oriented toward finding the economic-organizational solutions that are the most adequate to the changed conditions and that insure a high degree of economic effectiveness in regard to the fulfillment of the plan. This includes the necessity to find

differentiated solutions, in accordance with the concrete reproduction conditions in regard to the further consolidation of the state foreign trade monopoly. Experience suggests that the following measures are promising:

--Strengthening the combines as a modern form of management and--in accordance with the respective concrete preconditions and the respective specificity of the reproduction process--gradually delegating to them increased powers and responsibility in the field of foreign trade. In this regard, it is necessary to obtain--and to generalize--further data concerning the objective factors affecting the differentiation of the solutions, in order to insure--in accordance with the concrete reproduction conditions--optimal variants, while fully utilizing the concentration effects;

--further strengthening the foreign trade enterprises and developing their internal structure so as to make it conform to a greater extent to the corresponding sectors of industry and to shorten the lines of information and management. A complex problem in this respect is the establishment of a user-oriented product mix;

--adjusting the external sales and purchasing organization so that the scientific-technological requirements concerning the organization of agressive and intensive marketing can increasingly be met by the foreign trade firms' own qualified cadres.

In regard to the improvement of management, the formation and consolidation of large economic units in the form of combines is of great importance. The combine represents a modern form of management capable of establishing a concrete link between the assets of socialism and the requirements of scientific-technological progress. "Through modern management, science, production, and the effective sale of the products at home and abroad are organically linked. This is what constitutes their strength."[9]

Thus the combine is an advantageous starting point for the rapid propagation of the results of scientific-technological progress, including the solution of the problem of transmission to the foreign user, since it unifies the management of the reproduction process, combines the scientific basis, the material production, the construction, and sales at a relatively high level of socialization and thus establishes crucially important preconditions for the control and acceleration of the transmission process. It is especially in those high-performance engineering sectors that closely cooperate with productive sales departments and that can draw on experienced cadres that the conditions are favorable in regard to the necessary close link between marketing work and the transmission process.

An especially complicated and complex management problem is the implementation of the transmission process in connection with the export of entire industrial installations. In this respect, the overall strengthening of the main suppliers represents a crucial problem. Essential for the strengthening of the main suppliers is the improvement of their scientific-technological capacity as

compared to international standards. This includes the knowledge and mastery of modern technological processes and the capacity to implement them. However, the capacity to implement modern technological processes is not only a matter of installation-construction capacities; rather, we are confronted here with problems that in the field of installations export are especially complex and that include the solution of the transmission problem under diverse utilization conditions. Among other things, this requires--on the basis of unification, standardization, and intensified application research--the creation of variable projects that reduce the problem of adaptation to different utilization conditions and that guarantee a faster response. However, the principal problem and one of the principal achievements of the main suppliers is the efficient management of an intricate, complex service process--ranging from advisory and planning services, furnishing of equipment, training, construction, assembly, and start-up to the "introductory management" and reliable, quick maintenance.

This calls for the utilization of various, variable cooperative relations, both at home and with foreign partners, and for a high level of organizational activity in the market, in close collaboration with the main supplier and the foreign trade enterprise in the GDR.

As regards the work in the foreign markets, it is necessary further to intensify the long-term work in selected key markets. In this respect, it will be important to step up the concentrated employment of qualified experts in the foreign markets so as to be able to offer optimal long-term, complex and user-oriented solutions, while protecting the GDR's export and import interests. As a rule, the development of pertinent planning projects with due regard to all important factors (natural, technical, economic, commercial) and the preparation for an optimal solution of the transmission problems require extended and thorough preliminary studies.

In regard to an increasingly satisfactory solution of the problem of transmission to the foreign user, it is imperative that the further development of the division of labor between the foreign trade enterprises and the combines or main suppliers not be simply regarded as an economic-organizational problem, but at the same time as a basically political task. On this basis, there will develop between the managers and management collectives of the foreign trade enterprises and combines increasingly close cooperative relations that are essential for the effectiveness of the division of labor and for the solution of qualitatively new problems within the framework of foreign marketing.10

FOOTNOTES

1. The term "propagation" of new products and technologies denotes their transmission to the fields of consumption or utilization, not as a one-time process of initial introduction, but as a process with the object of insuring multiple utilization in the various fields of application. However, the individual user frequently is still confronted with the task of

solving the concrete problems involved in the initial introduction. At the same time, the problem of propagation necessitates--especially in regard to foreign trade--commercial activity bound up with the export of new products and technologies.

2. H. Nick, "Problems in Connection With the Improvement of the Social Management of Scientific-Technological Progress," WIRTSCHAFTWISSENSCHAFT, No 4, 1978, p 401.

3. See A.N. Bykow, "Sozialistische oekonomische Integration--Wissenschaft und Technik" [Socialist Economic Integration--Science and Technology], Berlin, Staatsverlag der DDR [GDR State Publishing House], 1976, p 35.

4. W. Marschall, "Problems Concerning the Transmission of Scientific-Technological Results to the Production Process," in: "Abhandlungen der Akademie der Wissenschaftern der DDR" [Proceedings of the GDR Academy of Sciences], Veroeffentlichungen der Wissenschaftlichen Raete [Publications by the Academic Councils], No W 3, 1976, pp 100 ff.

5. K. Marx; F. Engels, "Werke" [Works], Berlin, Dietz Verlag, 1956-1968, Vol 23, p 121.

6. Ibid., p 50.

7. E. Honecker, "Die Aufgaben der Partei bei der weiteren Verwirklichung der Beschluesse des IX. Parteitages der SED" [The Responsibilities of the Party in Regard to the Further Implementation of the Resolutions Adopted by the Ninth SED Congress], Berlin, Dietz Verlag, p 42.

8. G. Beil, "Increasing Demands on the Foreign Trade of Our Republic," in: "10. Tagung des Zentralkomitees der SED, Aus den Diskussionsreden" [Tenth Session of the SED Central Committee--Speeches], Berlin, Dietz Verlag, 1979, p 79.

9. E. Honecker, op. cit., pp 43 ff.

10. "10. Tagung des Zentralkomitees der SED," op. cit., pp 79 ff.

8760
CSO: 2300

MANPOWER REGROUPING, WORKERS' INTEREST DISCUSSED

Budapest POLITIKAI POISKOLA KOZIEMENYEI in Hungarian No 2, 1979 pp 3-15

[Article by Jeno Andics: "Manpower Regrouping and the Interests of the Workers"]

[Text] Today everyone is familiar with those world economic tendencies--among them the price movements which has become a lasting process on the world market--, which place new requirements on us in our foreign trade relationships. Adapting to these requires flexible transformation of the Hungarian economic structure and product structure, and that these be developed further. The changes which have taken place in the internal conditions of our growth are also known to the public. With the exhaustion of the manpower resources the changes in the composition of manpower requirements can be solved primarily with the redistribution, regrouping of the available manpower. Our technical growth is also accelerating, which according to international experience will accelerate the mobility of manpower. Very briefly, this is the economic background which in recent years has been more and more urgently encouraging, now as a recognized necessity, that manpower be regrouped in the appropriate proportions.

In 1979 practical steps have also been taken at several enterprises. News of the "worker firings" in Gyor have vividly occupied the public opinion in recent times, and the problems of manpower regrouping are also receiving increasing space in the mass communication media. The political mechanism has also begun to move. The national assembly's summer session emphasized with great stress the economic necessity of manpower regroupings, and at the same time, that great attention must be paid to solving the problems of relocated workers. And even though manpower mobility which can be traced back to modifications of the production structure has actually hardly begun, the government and the SZOT's [National Council of Trade Unions] presidium in a joint session have taken a stand in connection with how to carry out the manpower regroupings, and at the same time also called attention to some important elements of protecting the interests of the workers affected.

Even though today the manpower regroupings do not yet represent an acute problem, yet we are already now dealing with it. This is because at any rate we will have to deal with a lasting process, not with a campaign task lasting

for a year or two. The manpower regrouping will become characteristic to an entire economic development period, and even if we do not have to dramatize its expected dimensions[1], it will affect a sufficiently significant portion of the working people, the workers among them, that we should treat it as an important political and economic question.[2]

As far as the public opinion is concerned, the spectrum of its value judgements extends from full agreement to total rejection. Primarily the mobility between enterprises stands in the focus of interest, which is fully justified. That is, manpower regroupings appear differently between enterprises and differently again within the individual enterprises. In the following I also wish to deal primarily with manpower regroupings between enterprises.

In am convinced that we must consider the fact of manpower regroupings to be the natural condition of the developing socialist economy. The really dynamic and progressive economic growth is quite simply unimaginable without changes in the economic structure, and modifications of the employment structure are obvious consequences of the latter. It is easy to see that because of such reasons the movement of generations cannot form the sole source of the necessarily constantly present manpower mobility (if for no other reason not, than because this latter is significantly slower than what the growth of the economy requires). Therefore it is a completely normal condition when, within the limits of necessity dictated by the logic of economic growth, there is no guarantee that a given worker will retire from the same place of work where he began his career, or that he cannot unconditionally remain at his place of work and in the work assignment as long as he would like to.

The practice of recent years and decades has become deeply absorbed into our public thinking, in which it appeared to be the usual, normal condition that everyone could work at a place of work and in an assignment until out of his own decision he himself decides otherwise. The custom may generate feelings against the change, but it cannot make us forget that in the past also we had to pay a well definable price for this relative calm (slow changes in the product structure, chronic efficiency problems, laxities of the labor discipline, lack of performance experienced in many places, etc.). The large changes in the country's world economic position brought these--very sharply--to the surface: thus the reason because of which we must make changes today was already present earlier.

Besides this, in addition to our world economic situation today, the conditions of our internal development also urge a more intensive manpower regrouping. Hungary's future economic growth has for quite a few years depended first of all on the acceleration of technical-technological growth. And the accelerating technical progress does not recognize a manpower structure which has solidified to unchangeability. Rigid manpower structure equals slow technical progress. For many years it has been a problem for us--an ever increasing problem for us--that for example the sphere of services is underdeveloped. We can eliminate our relative backwardness in the terciary sector at a relatively rapid rate only if among other things we also significantly improve the manpower situation. Thus the rigid manpower structure also necessarily involves conservation of the backwardness of the service sphere.

In order that the main direction of manpower migration should coincide with the needs of the national economy's growth, the conditions necessary for managing the process of mobility in a well-thought-out manner must be created. Such a fundamental condition is to appropriately take into consideration the interests of the working people affected by the manpower regrouping, to develop the appropriate interest mechanisms. We must consider it to be a natural condition that both parties--the employer and the employee--should have the same degree of freedom in deciding to use the manpower. Today the employee's degree of freedom is greater in this (even though naturally it is not unlimited). This of course does not make it necessary to limit the employee's freedom to make decisions, but such a situation also cannot be maintained in which the worker by using his legal rights can in essence decide in any instant about maintaining his working relationship, but this right of his employer is significantly more limited. In order to change this situation it will also probably be necessary to modify certain statutes, but changing the ideology attaching to this uneven situation is also at least that important.

But we must make immediate restrictions on this latter. The degree of freedom which is legally equal from every viewpoint, in economic relationships always favors the economically stronger party. The various areas of economy can provide numerous examples that the economically stronger enterprises--because for example they are in a monopoly situation--"regulate" their weaker partners, in essence making them defenseless. Formal contractual equality cannot make the advantage of economic strength disappear.

Even though the employee is not completely defenseless either, indeed, amid the circumstances of significant lack of manpower and strong competition for manpower he even possesses very significant means on the manpower market, yet he is in a weaker position than the enterprises. These latter, as organizations can implement their goals in possession of a complex system of means, but the employee can rely only on those of his individual means which the decision-making rationalities developed by his own individual life allow him. The more limited opportunities of the working man derive in part from the fact that, even though on the manpower market we can always meet with strata, with groups, in making the decisions concerning working relationships he is present not as a member of the interest group but as an individual. In contrast with this the employer acts even directly as representative of an interest group. If we keep in mind only the characteristics of movements on the manpower market, the equal legal position covers actual inequalities.

Of course the workers did not stand unprotected against their enterprise even in the past, but protecting their interests was done legally and also politically in an institutionalized manner. Increasing the freedom of enterprises to act will probably also require increases in the efficiency of protecting the interests. But all these things do not speak against the necessity of manpower regroupings, and most importantly it cannot be considered sufficient reason to justify such a conservative ideology which in essence attacks the fact of manpower regrouping itself. In my opinion, what Imre Pozsgay said is valid exactly because of this for this situation also: "Let us not allow that

those be discredited who, keeping the interests of the entire society in mind over the long range, possibly even accepting temporary tensions, strive to create a balanced economic structure which also lays down more securely the foundations for increasing the standards of living."[3] Objectively, magnifying the existing tensions favors the tendency aimed at conserving our present employment structure, and in the final analysis our economic structure. Therefore such views are regressive regardless of the intentions of those who represent them, and do not represent the interests of exactly those to whose interests they refer.

At the same time it does not follow from what has been said thus far that we have to accept any method of manpower regrouping without reservations. In the practice of manpower management also such employer and employee strategies are bumping heads with each other behind which indeed very rational interests are sheltered, and which also find those ideologies which are the most expeditious for them.

In my experience, form the enterprise manager's viewpoint a certain type of "economistic" ideology is frequent which reflects a "technocratic" approach to manpower management. To this ideology manpower management is essentially the sphere of those rational decisions related to manpower where on the one hand there is no better rationality than the economic considerations, and on the other hand introduction of the means of efficient manpower management also means the best service to the interests of the workers. This ideology operates exclusively with efficiency, costs and productivity, and it considers solution of the manpower regrouping problems initiated within the enterprise to be complete if the "in-plant rectangle" is revived in the given decisions of if other democratic institutions of the enterprise is also involved in the firing decisions.[4] One of its characteristics is that it refers to one type of abstract interest of the entire society, when actually it depicts an indeed very unique partial interest: the enterprise-centered manpower management expresses a viewpoint oriented at narrowly interpreted economic efficiency, which does not consider the consequences to society.[5]

A certain type of "political technocratism" forms the other type of reasoning systems which exist in the practical life. Even though this ideology senses that in a given case the manpower regroupings may disadvantageously affect the interestx of the workers, but it considers this a necessary evil. On the one hand it claims that there are no solutions free of conflicts, and on the other hand that the interests of the disadvantageously affected minority must be subordinated to the interests of the majority, therefore it feels that counterbalancing these disadvantages as the opportunities would permit may be omitted.

Considering its potential effects, this second group of idologies is more dangerous than the first one. While the "economistic" ideology's onesidedness can be relatively easily stripped bare, in this case we are dealing with a concept which uses political reasoning, and dresses the partial interests it represents into a mascara of ideology. It refers to majority interests, and apparently in each specific case it can also unambiguously prove that the majority's interests are being implmented.

In the case of the "economistic ideology" the partial interests in the background can be seen relatively easily, but in the case of "political technocratism" we have to prove its presence. But in my opinion we are dealing with the same thing as in the first case.

Even though the workers' interests affected by manpower regroupings--at least the ones affected disadvantageously--in some specific cases are interests of the minority, this kind of placing the majority in opposition with the minority is still not proper. In each specific case of manpower regrouping undebatably the minority of the workers is affected, but theoretically it cannot be excluded in the case of any stratum or group of workers that sooner or later it will affect them also. On the contrary, it is almost certain that--whether within the enterprise or outside of it--the process affects every group, every stratum of the workers. Exactly because of this even though each specific case affects only minority groups, but manpower regrouping as a process is embedded in the interests of the working class as a whole.

Mechanically pitching the majority and minority interests against each other besides this also does not adequately interpret the nature of the actually affected interests. That is, we must see that whether we speak about cutting back on an overly inflated number of workers or about manpower mobility which follows other cases of changes in the product structure or technical development, if we place all the burdens of the changes on the shoulders of the affected groups of workers, we are creating a practice of distributing extremely unevenly the advantages and disadvantages of progress. Partly because we place the burdens of solving the situation which triggers the manpower mobility on those who are not responsible for the situation which has developed. And also, because by their earlier activities the disadvantageously affected worker groups produced a net profit for the enterprise and for society, they themselves had also actively contributed to the "public good". Yet the ideology of "political technocratism" would unilaterally place all the burden on their shoulders protecting the interests of the majority, and by this it would desire to create such a situation in which the majority participates only in the advantages of progress--among other things, also in that to the creation of which the "minority" itself has also contributed--, but the minority must accept that considering the opportunities of making its own interests prevail, progress actually means progressing backwards. I do not think that the untenability of this concept needs to be proven in further detail.

The ideology of "political technocratism" actually presents the interests of narrow manpower management. On the one hand because by pitching the majority and minority against each other it wants to insure that solution which is the handiest for the narrowly interpreted, efficiency-oriented manpower management. And on the other hand, because it also defines majority poorly: all types of manpower regroupings necessarily affect the interests of the working class as a whole. But this ideology--regardless of the subjective intentions of its representatives--tries onesidedly to have the interests of manpower management accepted as interests of the majority.

Naturally it would be a mistake to have the interests concealed behind the quoted employer ideologies pitch mechanically against the interests of the workers who are affected by manpower management. The interests attaching to efficient manpower management serve the interests of the various enterprise collectives as well as of society as a whole. But they are not entirely identical with this latter, with respect to these they represent such partial interests which hinder the realization of other such partial interests which also are extremely important both for the individual enterprise collectives and for the entire society. Therefore the realization of the true interests of the overall society rests on the coordination, compromise of the affected partial interests and on their synthesis thus created.

But how does efficient manpower management affect the interests of workers forced to change places of employment? Which are the most significant elements of these worker interests? With no intent to be complete, we see the more important interest elements in the following:

a) Security provided by the place of work. Work done for a long time in one place makes one get used to the social environment of doing the work. The individual learns exactly the circumstances of his place of work, and his personal life conduct (the nature of work, income, etc.) become sort of planable in advance. Therefore going to a new place of work significantly increases the elements of uncertainty in the affected person's situation.

b) Interest attaching to the given income. At the new place of work the individual's income may develop less favorably. Decrease of income involves consequences which affect the position he occupies in the entire society. Therefore it is extremely important to maintain the income level he reached at his previous place of work (and naturally, to increase it as the opportunities permit).

c) Opportunity to use the qualifications acquired. From the viewpoint of using the abilities, capabilities developed also by the content of work performed, and the professional qualifications acquired, the individual may have interests attaching to not changing the character and content of his work if possible. Being placed into a new job area causes problems of adaptation, and may also decrease the value of qualifications obtained earlier.

d) The achieved level of working conditions. Being placed into a new place of work may significantly change the circumstances of work in the past. The distance from place of living to place of work may change, work and shift schedule may be modified, and the specific physical working circumstances of the new work place may also develop differently, etc.

e) Avoiding experiences of failure. The work in which the individual offers reliable performance, and for which he also receives appropriate recognition at his place of work, is an important element of self appreciation and of how well he feels appreciated also by others. Success interpreted in this manner is an important factor of developing the indivuduality. Changing the place of work initiated by the enterprise may create such a situation as if the individual had suffered a failure in his work.

Naturally, any one particular change of the place of work initiated by the enterprise does not necessarily affect disadvantageously every one of the elements of workers' interests listed above. But it is always disadvantageous to those interests of the workers which attach to the security provided by the place of work and to avoiding experiences [feelings] of failure. And with respect to the other interest elements the way the situation of the workers develops is a function of what is the method of accomplishing the discharge of workers initiated by the enterprises, and that the opportunities are to find employment in the given manpower market situation.

The above listed interest elements are important to all worker groups. But there are strata of workers in such special situations which may be affected more disadvantageously than the rest by a higher rate of manpower regrouping. Among these are for example the older workers who for reasons not be be discussed here now find it significantly more difficult to adapt to the changes. Similarly the unskilled women can also be listed here, who are less mobile due to their more disadvantageous social situation. But beyond this, all those must be listed here who for lack of a better expression can be called strata in "poor manpower market positions". This is the stratum about which we may say with superficial consideration that "they do not want to" perform at a high level, but for whom the lower level of their performance abilities can be traced back first of all not to their individual attitudes but to their social situation which develops this attitude (some of the migrants, members of unique subcultures such as for example the unassimilated gypsies). Actually those also belong in this stratum who, because they are struggling with problems of fitting into society, cannot fit into their places of work either.[6]

The listed interest elements as well as the interests of the strata in some special situations are of great importance to society. Manpower management which evaluates only the economic viewpoints at the enterprise's level cannot take these interests adequately into consideration, indeed it may expressly harm a significant portion of them. This even a brief review of worker interests affected by the manpower regroupings proves that the ideologies which onesidedly present the manpower management viewpoints are actually unable to adequately reflect each of the affected interests.

When in the various debates the topic is the human problems of manpower regroupings, such opinions are also heard that the enterprises themselves have to settle these problems among themselves. Well, while not denying the important role of the enterprises, my opinion is that a signficant portion of the interest protection tasks to be solved at the worker discharges, due to their nature can be solved only with the participation of expressly central, national organs. Naturally it is not being said that some kind of model, compulsory for everyone, should be specified for the enterprises. It is even impossible to develop such a model because the actual problems are so many faceted.

However, the national organs have a key role in regulating the process of manpower regrouping, and at the same time they also have to undertake to solve the type of specific questions which no way can be assigned to the

enterprises. On the one hand becuase the enterprises do not possess the apparatus needed to solve them, and development of such apparatus by them also does not represent a passable path (for example the tasks of finding jobs for workers). On the other hand, because it is not the enterprises who have the means needed to solve the problems which come up (for example insuring regional mobility).

It is necessary to call attention to all these things because the examples which to date have been implemented have essentially solved successfully the bulk of the tensions which appeared. None of the workers discharged by the Raba factory in Gyor were left without a job (about 60 percent of them found jobs in the area of services), and also the incomes of an overwhelming majority of them (more than 80 percent of them) did not decrease.[7] But the examples thus far represent only the beginnings of a process, indeed rather only its forerunners. Thus there is no guarantee that the tensions which develop will be able to be solved with the means of the enterprises.

But the solution of what types of problems are we really talking about?

The first question is, whom should the enterprises discharge? The answer to this is ready at first approach: those who have become unnecessary (because profile modification, department closings have taken place, or because actually they were not needed to begin with due to the earlier practice of inflating the employment rolls), or those whose performances fall short of the requirements or their work discipline does not correspond to what is desired.

Naturally the question is more complicated in reality. The short and the long range manpower needs are not always necessarily in harmony with each other, therefore it is expeditious to weigh also the long range needs when the short range decisions are made (for example, which of those job areas will be needed in the future which at the present time have become unnecessary). But in order to do this, a manpower management policy thought out at least for the medium range is needed, or the medium range manpower plan which lays down the foundations for the former. But the majority of our enterprises do not have well thought out manpower plans adjusted to advancing techniques and technology, and to the expected tendencies of the enterprise's operation. Because of this they also cannot have really rational manpower management policies. However, in absence of this the short range manpower regrouping efforts may take on an ad hoc character, and thus they may carry the danger within themselves that also over the long range instead of a rational manpower management practice coming into existence, irrational elements may get into the practice of economic operation. Besides this the ad hoc character also makes it more difficult to adequately take into consideration the interests of the affected worker groups, and on several points it even excludes this.

As an alternative to a part of the worker discharges, a more flexible mobility within the enterprise could be considered for example: we urge the manpower which becomes available to fill another job area within the enterprise. But it is not known towards what composition of manpower inventory would it be expeditious to endeavor to develop, this alternative for the most part will

remain a theoretical possibility. To decrease the tensions generated by the manpower discharges, it creates an additional favorable possibility that for demographic reasons the number of workers is automatically decreasing when worker hirings are stopped. According to experiences of the labor economics research projects for example the number of workers employed by an enterprise where the age distribution was normal [sic], decreased for demographic reasons in one year by 2.5 to 3 percent [8] (first of all because of the retirings). But in order for the demographic turnover to be a tool fo decreasing the conflicts, of taking the interests of the workers into consideration, at least it must be known what is the age composition of the employed payroll. And even though keeping track of this does not even represent extra work to the enterprises, and all data sources are also available to them, it is frequent that they do not pay sufficient attention to how the age composition develops.

Therefore increased attention to worker interests at the manpower regroupings requires that simultaneously with the development of practice significant steps should also be taken everywhere towards the well-thought-out, really rational manpower planning and manpower management policy. This is also an important condition of the democratic institutions of the enterprise being able to function properly when decisions are made in connection with discharging manpower.

The second question is, how can the certainty of finding jobs for the workers be guaranteed. That is, in special cases (quite a few such must be expected in cases of more significant manpower regroupings) it is not certain that the usual termination notice time is sufficient to locate the place of work best suited to the interests of the affected workers. However, that the basic interests of existence of the workers be insured, is just as much of an interest to society as are efficient employment and manpower regrouping.

The need to maintain existence leads to establishing a work relationship which provides a source of income even if the new place of work is not suitable to the interests of the affected persons in every respect, or even if not at all. Therefore it seems expeditious to insure that for a definite length of time--it is justified to decide on the length of time with the knowledge of the manpower market situation--the affected workers should have an income in order to find the place of work most suitable to them. (Unemployment aid is not involved here even in the concealed sense, since it is to be granted only in specific cases, and only as a gap-bridging solution, that is, for a quite short length of time.)

When they were discharged, the workers in the Gyor example already mentioned a few times, received the income of two months. Thus, this recognition is not missing from the present day practice either. But on this point the central regulation published in the proper form appears to be absolutely necessary. In my judgement, in specific cases a one-time larger lump sum of "serverance pay" could also be considered (for workers with very long service at the enterprise, who possess highly specific knowledge, if discharging them cannot be avoided by any means). For such solutions it is also expeditious

to regulate to what extent should the burdens which are thus incurred against the income be borne by the enterprises themselves and what other assistances are possible from central resources.

It is a question of no lesser importance, who should direct the manpower which becomes available, and to where. In the Gyor example the workers received suggestions from the enterprise for new places of work. Yet we must consider the employment offices to be of key importance. Assistance in finding work, which also takes the interests of the affected workers into consideration, can be really effective only if it is based on precise knowledge of the manpower market, but for understandable reasons the enterprises cannot map this. This task in this country today can be assigned to the employment offices.

However, the activity and operating system of the employment offices developed and solidified in such a time period when they had no manpower management tasks on the merit, their role manifested itself essentially in mechanical relaying. Simplifying it somewhat, they did the same job what could also have been achieved by newspaper ads if the employers and employees would also have advertised in such volume. But in the age of more intensive manpower regrouping the role of these offices will necessarily change: in the future they will no longer be simply mechanically relaying the interests of employees and employers, but they will receive very important roles in coordinating the interests of the two parties. But in order to do this they will have to be familiar with the situation of the manpower market, the supply and demand relationships, demands and opportunities, they will have to have the appropriate material and perhaps legal means and last but not least have such an inventory of experts which is able to meet the qualitatively changing tasks.

The activity of these offices can be even more important since it is an important question whether everyone can find a job again. No, I do not mean that our country is threatened by the danger of unemployment. But manpower may also become freed in thinly industrialized areas, where reemployment runs into the largest obstacle: there is no feasible industrial work place. In such cases either commuting or geographic mobility also involving change of residence could be considered solutions.

Whether one solution or the other is favored, the burdens of geographic mobility cannot be borne alone by the affected workers. That is, the question becomes posed differently if the workers volunteer by their free will to commute (though the freedom of will is more than doubtful even then--what is involved is much rather the compulsion dictated by the objective life situation being transformed into will), than if commuting takes place because the earlier work place of the affected workers can no longer employ them. In the former case the workers themselves still weigh the various possibilities of how to implement their interests, in the latter they are forced without weighing any opportunities to accept emergency solutions which involve very severe disadvantages.

Of the questions posed thus far perhaps this is the most difficult one to solve, even if the role of employment offices becomes more genuine than it is

today. But for the time being there is neither reason nor need to dramatize the situation--in any case it cannot be excluded that this will become one of the neuralgic points of the manpower regroupings, and this is also where the solutions based on compromise dictated by the most need may be born. But the need is to comprehensively and thoroughly analyze the expected situation of the manpower market and the business cycles in order that we may be able to handle these problems adequately for their real weights. This analysis must also decide whether such a situation can also be a practical threat in the more poorly industrialized areas which have onesided industry.

The following question refers to the other neuralgic point: what happens if the manpower regrouping threatens to decrease the incomes of the affected workers? It appears to be the obvious answer that the conflicts associated with income decreases must be accepted, since society cannot offer a guarantee to anyone that the income level already achieved will remain unchanged under all circumstances. At the same time, the lack of experience thus far may also generate antipathy even against the question: is it not a trumped up thing to refer to the dangers of income decreases?

Let a concrete example be given here for this problem. In 1972 and 1973 oen of our construction material industry enterprises carried out significant reconstruction and together with this, reorganizations as the consequence of a reorganization process. Among other things a few departments which have been operating in the red were also closed down, among other things a gravel quarry was also closed down. The workers who worked here and for understandable reasons had relatively high incomes became unneeded by the enterprise, and thus they had to look elsewhere for work places by outside transfer. But there was only one single alternative solution in the area: a transportation enterprise where, however, the incomes which could be acheived remained far below the level of the gravel quarry.

There is no doubt that closing down the department served the interests of both the large enterprise and of the national economy. But under the given circumstances the very significant interests of the affected workers could not prevail. And here we arrived back to the reasoning used by the ideology of "political technocratism." Therefore instead of repetition I will only refer back to what has already been said: under socialist circumstances such mechanical subordination of interests cannot become accepted social practice.

Since similar cases cannot be avoided in the future either, it must be examined what manpower guidance mechanism can be suitable and with what compromises to coordinate the affected interests. During the course of this the possibilities of that must also be worked out, how the workers who produce at high levels, but who become unnecessary because of for example department closings (or even because of plant shutdowns) can be protected from the dangers of income cuts threatening them (in all certainty government-level measures will also become indispensible for this.)

Similarly it is also an open question, what happens to those who are forced to change job areas. This does not necessarily cause problems in the case of

those who do unqualified work. But how can cases of switching professions [trades] be solved? Apparently the answer is simple here also: the system of advanced professional training or retraining can prevent and solve these problems. But we have to see that the domestic system of professional advanced training and of retraining developed in such a historical era when the overwhelming majority of job area changes took place not because of a forced situation existing due to manpower regrouping, and when the initiatives taken by the workers carried significant weight in the extent of particiaption.

Thus in the new situation it is also necessary to re-think [sic!] [review] the entire system of retraining and advanced training in the interest of making it possible to carry out the necessary changes at the appropriate points. During the course of this it must also be examined whether the interest elements of the retraining system operate adequately in the new situation also (for example what ratio of the retraining costs should be borne by the enterprises which represent the worker's new place of work, and what ratio by the enterprise releasing him, etc.).

I have not touched upon all of the problems of more intensive manpower regrouping, and even less can I endeavor to solve open questions. My goal was to show that the practice of manpower mobility initiated by the enterprises forms the source of manifold conflicts, and that in order to resolve these a complex system of measures born at central and at enterprise levels is needed. Naturally these measures cannot eliminate each of the conflicts which pop up, but they can create a realistic possibility of coordinating the affected interests, of adequately representing the interests of the workers.

But we must not fall into extremes. Seeing the conflicts of manpower regroupings we cannot reject practice itself. The problems posed here by me can call attention only to the necessity of optimum solutions, but they cannot lead to preventing the process. At the same time we also cannot pass by the conflicts which pop up, with just a wave of hand--claiming the necessity of the process. Insuring the democratic character of manpower regroupings emphatically requires that it should take place in a planned manner, well thought out, and with adequate preparation at every enterprise. Besides appropriate operation of the democratic institutions it is also necessary that the public opinion should receive open information, true to the realities, about the characteristics of the process and that the reasons which could trigger the possibly occurring tensions, and the possibilities of resolving them should be made public by us by involving openness to society.

In my opinion, it is indispensibly important at the same time that we should no longer debate about the necessity of manpower regroupings--we must recognize this as a natural following phenomenon of progress--, but about the methods of regulating the process, about the most expeditious means of protecting the interests of the affected workers. Together with the scientific research work, these joint debates and the collective wisdom concealed in them can make the best contribution that all interests affected by the efficient manpower management should adequately prevail. I wanted to contribute to this public thinking with a few thoughts which pose the problems rather than solve them.

BIBLIOGRAPHY AND FOOTNOTES

1. Istvan G. Gabor: "Munkaerohiany a mai szocialista gazdasagban." [Lack of Manpower in Today's Socialist Economy] KOZGAZDASAGI SZEMLE No 2, 1979 pp 175-177 and 185.

2. Within this framework I will not discuss the from many viewpoints special problems of manpower regroupings of intellectual workers.

3. Imre Pozsgay: "Erositve es hasznositva a kolcsonos bizalmat." [Strengthening and Utilizing the Mutual Trust.] TARSADALMI SZEMLE No 6, 1979 p 7.

4. This attitude was manifested in illustrated manner in the comment of the head of an enterprise in the May 1979 debate of the Managers' Club on television, dealing with manpower management.

5. It is characteristic of the technocratic character of this ideology that it is often heard from enterprise managers in private conversations that "a little bit of unemployment" would immediately accomplish the reinstatement of work discipline.

6. See Peter Gelleri: "Vandorlo munkasok". [Migrating Workers] Academy Publishers, Budapest 1978.

7. For questions concerning the development of strategy related to factory development see: "A versenykepesseg strategiaja." [Strategy of Competitiveness.]--Conversation with Ede Horvath, managing director of Raba [factory]. TARSDALMI SZEMLE No 11, 1978.

8. Odon Jozsa: "A termelesi szerkezet szelektiv fejlesztese es a munkaerogazdalkodas." [Selective Development of the Production Structure and the Manpower Management.] In [?]: "Termelesi szerkezet es gazdasagi hatekonysag."[Production Structure and Economic Efficiency.] Propagandistak elmeleti tanacskozasa. [Theoretical Conference of Propgandists.] Kossuth Publishers, Budapest 1978. p 116.

8584
CSO: 2500

GOVERNMENT SUPPORT OF PRIVATE HOUSING CONSTRUCTION DISCUSSED

Budapest NEPSZAVA in Hungarian 4 Oct 79 p 3

/Interview with Lajos Szilagyi, deputy minister of construction and urban development by Zsuzsa Varga: "Private Builders Will Not Be Left to Themselves." Date and place not given./

/Text/ During the second 15 year housing construction plan, from 1976 to 1990, 1.2 million new homes will be built in the country. Fifty-four to 56 percent of these will be multistory apartment houses, while 44-46 percent will be single family dwellings. This means that nearly 60 percent of the whole program will be implemented with state support, but through private resources. It is an unusual inconsistency that while organizational and technical factors are provided equally to state housing construction, in daily practice it often appears as if private construction had no master. Thus we asked Lajos Szilagyi, deputy minister for building affairs and urban development the question: how do they intend to make assistance to private builders more systematic?

In the Footsteps of the Government Resolution

Under the meaning of the Council of Ministers resolution, private housing construction and apartment purchasing forms developed to date must also be maintained in the future. We are assisting private builders and employers through increasing the involvement of monetary and physical resources mobilizable for this purpose. We intend to give more than average assistance first of all for the construction of multistory apartment developments, as well as for the construction of the so-called clusters of single family houses--in other words, for those which are economical both from the construction and from the advantageous site utilization standpoint. Within this, in the spirit of our social policy programs, we are emphatically supporting workers, large families and young married couples who are building homes from their own resources. We are endeavoring to increase the role of home building cooperatives in the organization and carrying out of the construction of multistory apartments and single family house clusters, such as row houses, chain houses, etc. In this way, a great burden can be lifted from the shoulders of home builders. Building sites can be ensured in a more organized manner and the problem of road building and public utilities can be more easily solved. The home building cooperative faces the planners and implementers as a unified organization. The organization can be further improved if the contractors of those having the building done participate in the organizing work as well as in the bearing of the financial burden.

Goal Program and the Building Site

We are also increasing the support for home builders with all possible instruments. It must be added, however, that tens and hundreds of builders of single family dwellings are in direct contact with branch direction. Thus, our assistance can be implemented only indirectly. Our highest priority task is to provide the appropriate quality and amounts of plans, building materials and layouts for those desiring to build. We are not concealing the fact that we are not satisfied with the development rate in this area, but if we glance back, we can ascertain that we have achieved significant results. We are coordinating the wide-ranging activities within the framework of a branch goal program. The jointly operating state, social and enterprise organs are preparing an especially coordinated plan for the development of apartment building during the Sixth Five-Year Plan.

/Question/ How are the councils assisting in the assurance of tracts?

/Answer/ The role of the councils in apartment construction is rather varied. The assurance of building tracts is their primary task. On the basis of resettlement plans, the expropriation of tracts, the preparation of building site allocation plans for single family house areas, and the development of construction and utilities' plans for multistory apartments has begun. In this area I can report on wide-ranging, active work. I often meet with council representatives, so I can state from personal experience that this work is progressing satisfactorily, and that it is everywhere the focus of attention. I must especially mention the difficulties of site preparation for the construction of single family house clusters. This type of housing requires uniform building sites and utilities, and thus presents tasks similar to those of multistory construction types to councils and construction organizers. In this area, I cannot promise immediate improvement everywhere. We are facing many years of difficult work before the councils can offer the suitable building sites, as opposed to today, when often under difficult circumstances, they try afterwards to satisfy the needs of building collectives which did not always come into existence systematically.

Takes Effect 1 October

/Question/ Have there been any newer measures to simplify the permit process?

/Answer/ During the previous period, we examined the requirements of the regulations pertaining to construction and occupation permit producers, with the idea of further simplifying them. The new decree was enacted and goes into effect on 1 October 1979. I am especially emphasizing that the procedures of private builders are further simplified if they utilize the recommended plans. The processing time for the issuance of permits is reduced to 15 days.

/Question/ Is the selection of standard designs adequate?

/Answer/ In order to improve the architectural and technical levels of housing construction from private resources, EVM /Ministry of Construction and Urban Development/ has developed a new plan allocation system. One hundred thirty-six plans for single family houses have been developed by the Plan Development and Standard Planning Institute. These are sold by the capital city and rural information offices of the Center for Information on Construction Affairs /ETK/. The formation of a commissioned network which is also to participate in the circulation of plans is in process with the councils and the branch networks of OTP /National Savings Bank/. The specialists who work in the ETK information offices assist the builders in the selection of recommended plans by dispensing free expert advice.

During the Sixth Five-Year Plan, we shall provide the population, through the national commerce network, building structures and building materials prepared according to a uniform specification system for the construction of the recommended designs. Through the cooperation of trade and industry, experiments for the marketing of unit packages of necessary materials for the construction of individual designs are already in progress. Catalogs which are sold on newspaper stands are also assisting their adoption. ETK is disseminating other publications. Currently our specialists are conducting a comparative examination of all technology suitable for single family house construction from the standpoint of economy.

In One Location in Unit Packages

/Question/ Today there are still many problems with the supplying of materials and transportation, and master builders occasionally ask astronomical sums. What is the department leadership planning to do to improve the situation and to assist in more organized construction?

/Answer/ The population's building materials supply is becoming more and more balanced from year to year. The sphere of items in which there is a shortage is becoming smaller. The acquisition of only a few products is difficult from time to time. Building materials are marketed by 810 TUZEP /Fuel and Building Materials Trade Enterprise/ and AFESZ /General Consumer and Marketing Cooperatives/ plants, and by 20 specialty stores. TUZEP enterprises sold 13.6 billion forints worth of materials in 1978. This year we are expecting a 5 percent increase, calculated on the same prices. I must remark, however, that sales in recent months have been increasing at a higher rate. It can also be determined that the network is no longer adequate for the increasing marketing requirements of certain regions and towns. Thus, during the Sixth Five-Year Plan, the development of the plant and store networks is an urgent task. We plan to even better organize the population's building materials supplying in the future. Thus, working together with the Domestic Trade Ministry, we are determining the development tasks necessary on the long-range basis. First of all, we would like to improve the marketing conditions. We plan to improve the material supply of single family house builders through proven practice TUZEP material ensuring contracts, and through one-stop purchasing. We are endeavoring to broaden the unit package service and to spread the on-site delivery of purchased materials. We are also broadening the possibilities for the borrowing of tools and machinery which already exists at TUZEP plants. We are urging the widespread introduction and utilization of modern products which save energy.

The Semi Finished Is a Good Solution

As a result of many years of branch development work, in our estimation there is already enough construction capacity available to private builders from the state, council, or rather, cooperative sectors for the 1981-85 plan period for the construction of 41,000 homes. We have especially great expectations from better exploitation of existing possibilities, such as for example, the construction brigades of agricultural production cooperatives. Twenty-four thousand homes can be built with casting technology and 16,000 with block technology. In addition, the "half completed" house form should remain in operation unchanged. These structures are put together by organized building industry, while the one who is having the structure built can either complete the finishing skilled and mechanical work himself, or have it completed.

9093
CSO: 2500

APPROACHES TOWARDS INCREASED AGRICULTURAL PRODUCTIVITY WEIGHED

Budapest TARSADALMI SZEMLE in Hungarian No 10, 1979 pp 24-37

[Article by Ervin Zsuffa: "Possibilities for Enterprise Strategy in Agriculture"]

[Text] It is well known that the situation of the economy is not an easy one and that the external and internal conditions of growth have become more stringent. The altered circumstances affect our entire economic life, and we must take their influence into account in determining our production and development goals. Of the requirements which have been conceptualized in a number of resolutions, it is justified above all to emphasize that the modernization of production and an improvement in the foreign trade equilibrium have become urgent matters. It is necessary to weigh carefully the utilization of national or enterprise income. We must consider that available means of investment are now permanently tight, and the possibilities for raising living standards have been reduced.

Under such cirucmstances it is particularly advisable to use the producer forces more effectively than heretofore, and to increase export capability to the maximum extent with an internal supply that adjusts in its level to possibilities and is balanced. In all this, agriculture and the food industry have a considerable role, for food production relies to a greater than average extent on domestic resources, almost one-half of personal consumption consists of food and luxury items, while in export--particularly in dollar trade--the share of agricultural and food-industry products continues to be great.

Thus food production is faced by great tasks. At the same time the changing conditions in this area also are raising new requirements which must be met. It is already evident that we cannot follow the present course of development without correction. In the entire process of food production, it is necessary to increase quality and efficiency, and to this end modernize production and modify the internal ratios. It is urgent, for example, to terminate the relative lag in the food industry.

Among the complex problems and tasks, we shall deal on this occasion with the tasks facing agriculture.

The Development of Agricultural Production

In the recent period, Hungarian agriculture has developed rapidly. Taking into account the period between 1961 and 1968, it attained on an average a growth rate of 3.1 percent. For the time period under consideration, this belongs in global perspective among the best accomplishments. In several production branches--for example, in wheat and corn--our results are considered among the best. Also considering the changes that have occurred in social relations, the Central Committee was able to state in a well-founded way in its resolution of 15 March 1978: "The results convincingly show the advantages of the socialist large-scale system in agriculture."

Together with the rapid growth, however, problems have appeared, particularly as we find in examining the effectiveness of expenditures. This aspect of management shows a strongly differentiated picture. We can note great differences among areas and farms as well as in separately analyzing the utilization of the production factors.

Large-scale farming has created the conditions for purposeful utilization of arable land. It has made possible better cultivation of the producer means. Soil conservation has improved, and agro-technical methods have been perfected. As a consequence of all these, productivity of the cultivated area has increased. The attained results show that the increase in agricultural production has occurred despite a significant reduction in area (more than 400,000 hectares). From the viewpoint of per unit land area utilization, this is positive; at the same time, however, it also gives a sense of the weaknesses in land management.

The number of workers in agricluture following the reorganization declined at first rapidly and then moderately (a total decline of about 600,000 workers). As a consequence of the contradictory line of movement in manpower and production, work productivity--taking small-scale production also into account--more than doubled.

The effective utilization of these two indispensable factors in agricultural production influenced the development of efficiency favorably. The situation is different, however, in material expenditures. The value of fixed assets has tripled since the reorganization. From year to year there has also been an increase in the volume of materials of industrial origin (fertilizers, herbicides, energy sources, etc.) used in production. The increase in material expenditures substantially exceeded production expansion. The average growth rate--as compared to the annual 3.1 percent increase in production--exceeded 5 percent in the above-mentioned period.

These two figures bring out that if agriculture should continue to develop according to the trends thus far--which have been otherwise successful--serious problems would arise. In case of an unaltered continuation of the trends, there would be a drop in the net production value for the Sixth Five-Year Plan (calculated at unchanged prices). This would, to be sure, cause great tension both on the farms and in the economy. Naturally, the situation

is better at actual prices. The national income produced in agriculture is increasing even though slowly. And still we cannot ignore the trends shown in unchanged prices since this mode of calculation expresses the quantitative relations better.

Looking at all the combined factors of production, the result is acceptable. According to rather exact calculations, the effectiveness of total production expenditures since the reorganization has improved. But the rapid increase in material expenditures is in itself a worry, for it has become clear that raw materials and energy sources are becoming harder and harder to purchase. This trend--which we must regard as permanent--also affects the price of finished industrial goods. Therefore, we must take greater care than heretofore with the way we make use of materials and means employed in agriculture. In working out our development goals, we must take into account the increase in the means requirement of agriculture as a limiting factor.

The cause for the rapid incresae in material expenditures is above all the industrialization of agricultural production. The replacement of animal power and hand work by embodied work is an inevitable, objective process. It is questionable, however, whether the extent thus far of the incresae in material-type costs is necessary. Apparently not. Even more important is whether we need to reckon with an unchanging continuation of the trend that has developed. It is possible to reply with a definite no to the latter question because otherwise unnecessary or periodically affective factors have also played a role in the development of ratios thus far.

We can proceed from the point of view that the condition for effective production is the harmony of the production factors. The reorganization broke down the unity of the producer forces developed at a low level under the relations of small peasant agriculture. A new harmony, however--in respect to agricultural production as a whole--has not come about. We can also put it this way: the development of large-scale agriculture is still only halfway done. It has many modern means to work with, but the role of manual manpower and of traditional technology is still great.

Most of the problems are related to the producer means. This is understandable for at the present level of management the success of production depends to a large extent on the means used. It is a basic problem that the stock of means used. It is a basic problem that the stock of means with great value is full only in certain production branches or on certain farms. Partially finished buildings and shortages in machinery participating in the production process is uncoordinated. The technical level and the use value of industrial products vary greatly. The underdeveloped state of the infrastructure also means increasingly more perceptible strains. This problem is evident in the entire economy, but in agricultural areas the infrastructure is even less developed than average and does not come near the level of producer capacities.

It is a problem for us that modern and actually large-scale production technology has developed only in a large part of crop production and poultry

farming. In most animal types--despite partial successes--we are in my opinion still only looking for the way. This is also borne out by the fact that in crop production--particularly in ploughland crop production--large-scale farming is already ahead of small-scale production even in respect to economy. Accordingly, a part of our products are also price competitive on the international markets. At the same time we can still hardly recover our expenses in livestock breeding. We should note that this situation is not peculiar to Hungary for similar problems are evident in other socialist countries and even capitalist countries with developed agriculture.

The development of complex and efficient technologies is made more difficult by the fact that biology has been able to keep pace with technical development only in certain branches (for example, grain production, poultry and eggs). Lacking appropriate types, however, which can make good use of the increasing expenditures the application of techniques is not accompanied by greater efficiency.

There are also some characteristic problems in agricultural production. In the initial period, worker training could hardly keep pace with the fast pace of technical development in agriculture. The overcoming of these gaps began in the 1970's. Its effect is evident in management. A conscious effort at harmonizing the production factors appeared in the early 1970's during the development of industrial-type systems. These systems brought very great changes to agriculture. Their introduction and widespread application was accompanied by the strengthening of technological discipline and a sudden increase in yields. Under present relations, however, it represents a great difficulty that the bases of the technologies as worked out were formed prior to the rapid rise in energy prices. In this period the production systems strove one-sidedly to increase production yields and did not set economy savings or the optimum expenditure-yield relationship as a goal. Finally, it must also be mentioned that a large-scale (primarily area) concentration occurred in agriculture, but the development of farm organization did not keep pace with this process.

Though taking problems into account, the possibilities for further development are still evident. That we do not have to count unconditionally on a rapid rise in costs, if there is an unchanged continuation of the trends thus far, can be rendered probable not only on theoretical considerations but can also be borne out by practical examples. In recent years we can encounter in Hungarian agriculture many good examples of the development of practices appropriate to modern relations. We have many farms that can produce economically at a high level, and it is also evident that in the 1980's modern, large-scale livestock breeding will be developed. Relying on these experiences, we can put the task in this way: we must in coming years base production development basically on the effectiveness of investments, or the increase must be accompanied by it.

The Possibilities of Production Development

In the present state of the world economy, the role of natural resources is very important. It is evident that every country is striving for maximum utilization of its endowments. The development of agricultural production belongs among these. It is worthy of note that the most important export branch of the industrially developed United States is agriculture. For Hungary it is particularly important to make good use of its favorable agricultural production endowments since it is not rich in raw materials and energy sources. At the same time, we must reckon with the fact that most of the increment in the commodity base serves export goals. But there is on the international market with ability to pay an increasingly sharp competition in foods. Product quality and production economy are basic for holding one's place in this competition.

Thus far the quantitative increase in production has not been accompanied by an adequate extent of improvement in the quality or quality-type indexes. In recent years it has been evident that the requirements of the domestic consumers have been increasing, while the signs from the export markets clearly show that we are not always able to satisfy the increasing requirements of quality and selection. It is also evident that the market frequently does not recognize our production costs. In accordance with the requirements of the era, it is possible to produce economically by international comparison only by means of strictly economical material and means management.

Up to now quantitative increase has been characteristic of agricultural production. Now quality is being given greater weight. A modification is necessary, but there are still many debates over this question.

Many argue for a continuing rapid rate of increase in production. In principle it would be possible to maintain a more than 3 percent increase in the growth rate. But the strain of the increase will be accompanied by a continuation of the trends thus far--which bring results, but also cause problems. In this case we should reckon with the unavoidably rapid increase in the demand for means. To maintain the rate, it would be necessary to have even more investments specifically than heretofore because we cannot count on a further similar expansion of small-scale production. We can be sure, however, that the development possibilities will not be such as to support such a rapid, means-intensive increase or afford a possibility for ending the problems apparent in the quality area.

Proceeding from this point of view, the other experts emphasize the role of quality. The position of the latter is more realistic. We must add, however, that we cannot give up an increase in production and the commodity base even with quality development.

In my opnion, they are right who emphasize that a quantitative increase and qualitative growth are not antagonistic; there is opportunity for simultaneous progress. Proceeding from this point of view, we can succinctly describe

production development in the coming period by saying quantitative increase must result in the improvement of the production quality indexes. To be sure, this course means a somewhat smaller production expansion than up to now, but a more economical one. As an example for demonstrating the principle, it may be mentioned that we can increase slaughter pork production with a rise in the natural increase per sow, a decrease in waste, a shortening of fattening time, and above all an improvement in the good use of fodder.

This type of development, however, is a complex task. In addition to more careful, expert work it requires that much of the available investment sources be used not for the extensive expansion of the producer capacity but for the attainment of the above-mentioned goals. This endeavor must be founded in working out the plan and the regulatory system.

As we mentioned, a somewhat lower growth rate is attainable with this development outlook. But despite this apparent weakness, its great advantage is that the quality of the products will increase and, as a consequence of ending or reducing the present deficit sources, economy will improve and thus we can count on a strengthening of the international competitiveness of our products. It is also likely that in this way we can more successfully increase the contribution of agriculture to the creation of the national income.

In its resolution of March 1978, the Central Committee put first among the basic tasks an increase in efficiency and improvement of quality. In harmony with this, the task of agriculture, according to the resolution, is the intensive development of production. A dynamic growth in food production must be attained by increasing the degree of product processing and by more rapid development of the food industry.

Also an important question is the correct determination of the product composition. A subject constantly on the agenda in the economy is what is worthwhile to produce: what is there need for, what is there a market for, what is economical. It is important to raise this question in agriculture also, although basic product structural changes in this branch of the economy are not called for. According to our information, we need to maintain permanently the present sphere of products, only refinements appear justified. Thus, for example, egg production can be decreased, and at the same time the production of oleaginous seeds can be correctly increased. But if there is no need for large production-structural changes nation wide, the situation is different by regional units and farms. A purposeful area allocation adjusted to production features is very important.

It is a determining factor in development on basis of what viewpoints the area allocation of production is classified and carried out. If we proceed from the point of view that according to the requirements discussed above we must produce more and more from available fixed assets, then the optimum expenditure-yield relation is decisive. It is advisable to put this relationship in the foreground both in national and local relations.

Enterprise Attitudes Under Altered Conditions

It can be felt in production also that the economic situation has altered. We will be able to feel it more beginning in 1980 for new regulators which are coming into force will mediate the requirements. The modification is an important part of the significant increase in prices for producer means of industrial origin used in agriculture--machinery, chemicals and energy sources. The goal of this measure is not income withholding, and thus the producer prices of agricultural products will also rise, or other elements of the regulatory system will also be modified accordingly. The profit ratio related to material cost, however, will decline even in the case of a price rise of the same sum, and the increasing purchase price will stimulate the economical use of means.

The state farms and the producer cooperatives are feeling the requirements. They are endeavoring to counter the constantly stricter external conditions by mobilizing reserves. The vanguard quickly adjusted to the circumstances and is thus successfully developing its farms. But there is also evidence of different attitudes. Some of the farms have taken a reserved, wait-and-see position. This is in no way correct. In economic life, rigidity and stopping mean the same as falling behind. It is necessary to advance beyond the attained production level and make further progress on the road to development. "Waiting it out" is not a well-founded tactic anyway since the changes that are occurring in the world economy can be judged permanent and irreversible in their trend.

Neither does the effort at administrative-type economy evident in other farm groups represent a solution. Economy is needed but this in itself is not sufficient. If other measures are lacking, it can lead to the exhaustion of reserves and then of necessity to retrogression. "Savings" which do not weigh result and consequence can cause more harm than good. It must be emphasized that even in the present situation savings cannot be regarded as a production goal in itself. At the 1975 national agricultural and food fair there was a slogan which is still applicable today: "The best savings is the effective use of means." To this it should be added that we need effective use not only of means but of all factors in production. This is the road we must follow, this corresponds to the interests of the national economy and of the large agricultural farms.

The main task of the coming period--as we already mentioned--is to increase the efficiency of production and improve the expenditure-yield ratio. In principle, there are three ways to do this:

--given increasing expenditures, a more rapid increase than this in production;

--given an unchanged volume of expenditures, an increase in yield;

--attainment of a given yield with a reduction in expenditures.

These three ways exist not only in theory but also in practice. The given circumstances determine which will (may!) come to the foreground on a farm or in a production branch. This must be emphasized because most of our economic experts think only in terms of the first model. (In fact they very frequently even question the possibility of more rapid growth with expenditures.) This one-sided view is not acceptable. We must conduct a differentiated management adjusted to endowments and possibilities. It cannot be debated, however, that we regard the first version as the path. This is what can characterize the attitude of most of the farms in the future.

The second version may be characteristic chiefly of farms at a production level lagging behind its endowments and its provision of producer forces. We need an effort like this in one or two--otherwise developed--production branches, including corn, poultry and slaughter pork production, for example.

We may regard the third above-mentioned solution as of incidental nature because in general we need to increase production. However, we must also weigh this possibility seriously in unfavorably endowed areas.

There are many ways and means to the fulfillment of the task facing agriculture. Among these it is necessary to emphasize three groups that are of greater importance:

a) adjustment to the endowments of the production structure;

b) elimination or moderation of the deficit sources of production; and

c) indispensable modernization of plant and work organization.

a) Modification of the Production Structure

One of the reserves for improving efficiency and in fact increasing production is the modification of the production structure. Although--as we mentioned--the possibilities for change in national scope are not great, a significant redistribution is necessary on certain farms, in fact in economic spheres. The most characteristic feature of the redistribution is a change in the area between corn and spiked grains. An increase in the sowing aera of spiked grains is advisable under poor soil conditions, particularly in hilly areas. (On sloped areas it is generally more economical to raise wheat or autumn barley.) On plain soil with good productive capability, however, the increase of the corn area is justified. It should be noted though that the requirements in force for purposeful matching of branches set limits to the redistribution.

Another possibility--important also by national standards--for changes in the production structure appear in fodder production. Fodder for the cattle branch and for sheep-raising must be based in increasing ratio on field and pasture areas or on by-products rather than crop production on arable land. Areas will be released in this way for raising more profitable crops. It is necessary that the use of these long known and frequently voiced possibilities should be accelerated in accordance with present practice.

Economic leaders frequently ask what should be raised. Only a general answer can be given to this question since specialization and the development of the production structure is a farm task. But the decision is undoubtedly a difficult one. The orientation of the leaders is made more difficult by the regulatory system, the frequent changes therein, and the varying and changing profitability of certain products. A study of the endowments, however, over a reliable and long range, is a successful orientation base. In my opinion, every farm must proceed first of all from an analysis of its own endowments. If it produces products for which the natural conditions are favorable and for the marketing of which there are contractual possibilities, it is very likely that the production structure will meet the needs of the farm and the economy alike. It is very important, however, to weigh the endowments in a complex way, taking into account in addition to the production endowments the available means and the size of the labor force and its training.

The specialization of production has picked up perceptibily in the past 2-3 years. Varying efforts are to be found in the different farm groups. Characteristic in general of unfavorably endowed or otherwise weak farms is the discontinuation of deficit production branches. On the stronger farms, however, there are ways for increased producer capacity, and for specialization linked to production concentration because of the more amply available investment sources.

The situation of the two main branches is also at variance, and this can also be expected in the coming years. In livestock breeding the situation is, to be sure, more complicated. The conversion of high-value fixed stocks is difficult, and their possible exploitation may also in itself be a source of considerable deficits. Change is also made more difficult by the fact that the production branches and the technologies are built on one another, and therefore in this main branch, even in the case of deficit management, better utilization of the existing capacity and modernization of technology may be characteristic. Such an endeavor appears in practice, but it is a problem that sources are necessary also for this kind of development, and this is available primarily on strong farms that are not struggling with deficits.

b) Reduction of Deficits

The elimination or moderation of deficits is a very important task. One way of doing this is by the modification of the production structure. As we have already said, however, a change in the production structure is not only a question of determination. It is necessary to deal with many objectively limiting factors. It is obvious, for example, that the elimination of livestock breeding cannot be a realistic goal, although this main branch will continue to have a deficit in a significant portion of the farms even after the 1980 price increases. Attention, therefore, must be concentrated not on ending production but on eliminating the causes of the deficit.

The solution to this task requires further changes in attitude. We must take note that the cause of the low profit rate or the dificit is not only

in the level of the prices but also in the expenses of production not recognized by the world market. We must immediately add, however, that the change in outlook, the plant endeavor in itself are not sufficient to bring about results. In addition to good work, there is need for development sources and appropriate means. We shall demonstrate the possibilities with an example from foddering, dispensing with an exposition of the subject.

In expert circles, it is well known that foddering exercises a very great effect on costs or results. About one-half of the producer expenses in agriculture comes from foddering costs. In livestock breeding this ratio is over 70 percent. And still, progress in this area is slow. Unfortunately, not even in poultry farming can we boast about the average indexes for specific fodder consumption, and our results are lagging behind the international vanguard level. If we take into account that an improvement of 1 percent in fodder use means a cost savings of one-half billion forints, or a production increase of even greater value, it is clear that an improvement in fodder management is a basically important task.

In the past year or two, we have mentioned this subject a gerat deal--and correctly so. In a realistic evaluation of the possibilities, however, we must recognize that the present situation is the result of a long development process and that its change will be complicated, complex and similarly lengthy.

The problems actually begin in crop production. With the efforts directed at maximum increase of yields, substance (beltartalom) has been forced into the background. Such a requirement--aside from a few exceptions--is not even mediated by producer prices. The needs of the animals are not taken into account by the crop production techology directed chiefly at commodity production. In the drying procedure that is generally used, substance is reduced and digestibility deteriorates. Another problem is that with the lack of adequate storage facilities the storage loss is great; the mixed fodder manufacturing capacity is for the greater part not modern; thus most of the animals consume fodder with less substance than necessary or of inappropriate composition. We must add, however, that modern large-scale technology for fodders has begun to be developed only recently, and the means in general practice cause further deficits.

The situation is no better, in fact it is worse, in hay and bulk fodders. Here the harvesting and the mechanization of fodder division is even more undeveloped. Truly modern machinery in adequate numbers cannot even be acquired from socialist countries for the time being.

The above-mentioned problems indicate that we are speaking of an actually complicated task, but the work cannot be postponed. We must repeatedly emphasize, however, that making good use of a "reserve" requires not only better work from the farms, but conditions must also be created.

c) Organizational Tasks

Development of farm and work organization has been a timely task for years. The modernization of the economic organization of producer cooperatives is in

particular called for. On common cooperative farms, changes in this area have been few, and even in the modification already carried out a formalistic character (for example, the organization of divisions and departments) has prevailed. This is not a good course. We cannot successfully use methods developed during the period of collectivization to manage farms that have increased in size as a result of association, or production which has become incomparably more complicated in the course of technical and biological development. It is indispensably necessary to modernize work organization and coordinate it by technique and technology.

Instead of conducting theoretical debates on organization, we must act, modernization is an urgent task. It is not most important what type of organizational build-up there should be, that is, whether the branch or area principle should be realized. (Under present-day conditions, it is anyway a combination of the two that is successful.) The decisive thing is that the organizational build-up of the farms should be adjusted to the endowments. Accordingly, the concrete solution should be found locally in this question. There should be a generally valid requirement, however, that the organization be divided so that it can be reviewed according to the production process; that an unjustified concentration of the spheres of activity be reduced; and the information system should make it possible to follow the economic processes, analysis in process, and systematic control.

To strengthen the material incentive, it appears advisable to organize self-accounting units on a broad scale and use generally the principle of pay according to performance. We must also take into account or strengthen the vertical relations within the farm. Many farms have achieved good results, for example, by linking fodder production to livestock breeding. All this--we repeat--must be decided on and organized locally. But the modernization of the production process or the economic organization cannot be put off.

The Situation and Possible Attitude of the Various Farm Groups

The differentiation in agriculture is important. The large-scale variations evident in the level and results of production can be ascribed basically to natural endowments. This relationship has been strengthened in the course of developments by various circumstances, and only partially modified. Today there are very great and frequently uncalled for differences in the supply of means, available manpower, level of leadership, and every part of management.

It can be expected that the change in regulation will strengthen the process. Only on farms with a high level of productivity will an increase in the producer prices be able to counter the rising costs for materials of industrial origin and for means. To moderate the tensions, to be sure, tax charges have been readjusted (income withholding is being increased on the stronger farms). We are also coming to give increased support for unfavorably endowed producer cooperatives. All this, however, does not change the trends we have witnessed thus far, or the varying effectiveness of the expenditures: on one hand, the subsidies make correction possible only in way of the production process; and on the other hand, because of the limited material opportunities it is possible only to count on keeping the differentiation within limits.

Anticipated Development of Economically Strong Large Farms

The performance of the "good" state farms and of producer cooperatives is of decisive weight in agricultural development. In recent years, one-third of the large farms has created more than one-half of the production increment. These farms bear most of the agricultural burdens and with their accumulated material and intellectual capacities they are the driving motors of development. To fulfill the tasks it is necessary to have a dynamic increase in the production of these farms. Since the effectiveness of expenditures is most favorable in this category, their development at a more than average speed is in the national interest. Accordingly, a further increase in income withholding would not be correct, in fact it would be opposed to the interests of society.

On these farms the material basis of development can be established in the coming years. Very important, however, will be the purposeful use of financial sources, which can be expected to be more limited. It will be primarily these farms that will have the possibilities for expanding producer capacity and for building specialized livestock facilities. It is essential that they exploit this possibility because the creation of new producer capacities is indispensable to a justifiable expansion of agricultural production. At the same time, by relying on the existing producer means of these farms, other possibilities can also be well utilized. The supplementing of existing investments, the elimination of bottlenecks can also bring considerable results in the expansion of production and the increase of efficiency. Only these farms will be able to widen the production vertical--for the creation of a processing capacity, for example. This would be desirable chiefly from the aspect of variety expansion. By way of assistance to the large farms in the area and in some cases the integration of individual production branches, the strong farms can do a great deal for the development of agricultural production. It would be correct to count on this in working out development concepts.

Development Possibilities of Medium-Size Farms

Recently, differentiation can be observed in this category as well. Unfortunately, few were able to keep the pace, that is, close the gap with the good farms. Most of them came nearer to the level of unfavorably endowed farms, and a new category is beginning to emerge: farms not unfavorably endowed by nature but lagging in development. Since the development possibilities for all agricultural production are more limited than heretofore and the differentiation cannot be reduced--or it is undesirable to do so--by way of regulation, the task of these farms is now more difficult. A further lag on their part, on the other hand, would cause a great strain since the approximately 430 large farms in this category manage an area of 2 million hectares.

If we proceed from the point of view that the natural endowments of these farms are in general not bad, it can be assumed that the efficiency of the expenditures should also be favorable. Therefore, the lag must be caused by something that can be changed. For example, the management may be of low

level, the production structure is not appropriate, the deficits are large because of something, etc. These causes can be eliminated, but to do this a strict self-study is necessary, and a realistic concept of development--in general, requiring less material sources--must be worked out.

In most cases, the lack of harmony in the production factors (for the most part, the lack of producer means) is the cause for the low management level. The main task, therefore, may be to bring the production factors into harmony. This is a farm task, but it is difficult to solve without external help. Under the given conditions, help can be extended by way of credits to eliminate the lag evident in the supply of means. It is justifiable that these farms should receive easier terms in respect to the extent of their own sources needed to receive the credit and in respect to time period allotted for repayment. At the same time, help is necessary for raising the skill level and improving the staff of experts, and in this respect it is mainly the well-supplied, strong farms that can help.

Development of Unfavorably Endowed Farms

On the basis of practical experiences, the development of unfavorable production-site farms is promoted by a special regulatory system as modified from time to time. It is again time for the correction of this system. The goal of the modification is to give increased stimulation to the development of the production structure as adjusted to endowments. But for this, it is necessary to have not only supports by also a change in outlook.

It must be clearly seen that despite an increase in the total differentiated supports and the reduction of the tax charge, these farms do not advance into a more favorable situation because the subsidies, on account of the smaller effectiveness of the expenditures, are sufficient only to counter the increasing costs of producer means. The farms can prevail over these difficulties only through strictly selective production development. We cannot support an effort which in this area as well is directed at the constant expansion of agricultural production. It is necessary to eliminate to the extent possible the deficit branches, and expanded new production is justified only in production branches that adjust to their endowments. It must be emphasized that the endowments must be interpreted in a complex way. In addition to the quality of the land, available manpower, performance capability, and other important factors of production must be remembered.

Simplification of the production structure is basic. We must achieve the point where these farms are occupied only with production branches most appropriate to their endowments. (In general, this means production that requires few means and little live work.) As possible, production branches which do not recover costs must be eliminated. Unfortunately, it can be established that even investments created with individually licensed development support have been primarily of a production expansion rather than a structure development nature.

It is very important to draft realistic goals. It must be recognized that even production most appropriate to the endowments does not mean an advantage vis-a-vis a farm operating under better conditions. In most of these cases, the use of expenditures is also less effective. Therefore, farms with unfavorable production sites should not try to compete with well-endowed arms. This will lead only to increased costs exceeding yields. The level where expenditures--at the given level of the producer forces--will result in the most profit must be established by careful weighing.

It follows from the foregoing that the supporting capability of the unfavorably endowed farms is less than average. The basis of the development concept therefore is to bring manpower and supporting capability into harmony. Today surplus manpower exists only in a few places, but structural change can still in exceptional cases release personnel. Their employment must be solved in a different way, perhaps outside the farm.

Most of the farms on unfavorable production sites which have achieved good results have exploited also other possibilities besides the purposeful development of agricultural production. In its resolution of 1974, the Political Committee called attention to the development of this supplementary activity. For its organization, these farms have for years been able to use development supports repayable from taxes, and still it is evident that supplementary activity plays a serious role in only several megye producer cooperatives. But it can be stated that in these megyes, despite the unfavorable production-site endowments, the decisive majority of the cooperative and state farms are economically solid.

Thus if the necessary manpower is available, it is advisable to develop supplementary activity more vigorously. For such structural modification the arms may continue to use supports repayable from taxation.

Economic Cooperation

Those farms can meet the increasing requirements which exploit possibilities to the maximum extent. But the possibilities must be broadly interpreted, it is not enough to think within farm limits. Work specialization must be strengthened, and mutual help. The narrowly available development sources provide incentive to this end. By way of association, to be sure, even medium-size cooperatives struggling with a shortage of means or unfavorably endowed will be able to realize the development concepts more easily.

Modern, specialized agricultural production also requires closer cooperation. Industrial-type production organization is economically successful, but it increased the sensitivity of production to external factors. For example, a several-day delay in the delivery of fertilizers or herbicides can cause great harm. And a great commodity mass prepared at one time makes it necessary to have close relations with the processing industry, for otherwise the losses may exceed the advantages of specialization.

On the basis of all these things, it can be rightly assumed that the widening of economic cooperation will be one of the characteristics of the period we face. We need to build close relations in the entire sphere of the production process between the large agricultural farms, the farms and the servicing or purchasing and processing enterprises as well as between the large agricultural farms and the household farms.

In cooperation it is not correct to think in rigid forms. It is advisable to use varied solutions appropriate to the needs and possibilities. The most widespread form will certainly continue to be the contractual relation, but mutual risk and responsibility undertakings must be strengthened in the contracts. In respect to the legal forms of association, there is place for simple associations, unions (egyesules) and joint enterprises. It is necessary further to strengthen the production systems which have become widespread. It may be assumed that the agrarian-industrial unions will also be extended. It is also likely, however, that by relying on the principles of agrarian-industrial unions--without the participation of industrial enterprises--only agricultural plants will organize unions. It must be repeatedly emphasized that it is not form but the content of economic cooperation that is determining. On the other hand, the broadening of cooperation is indispensable, in practice, in every area of production.

One need not justify that under the outlined conditions the fulfillment of the tasks facing agriculture will not be easy. Particularly difficult is the situation of the farm managers. With proper circumspection and careful weighing of the endowments and possibilities, however, a correct enterprise attitude can be developed.

6691
CSO: 2500

END

END OF FICHE DATE FILMED

27 NOV 79

WB